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**Post Hearing Information Pack of**  
**GL-Carlink Technology Holding Limited**  
**(廣聯科技控股有限公司)**

*(Incorporated in the Cayman Islands with limited liability)*

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# GL-Carlink Technology Holding Limited

## 廣聯科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the : [REDACTED] Shares  
[REDACTED]  
Number of [REDACTED] : [REDACTED] Shares (subject to  
[REDACTED])  
Number of [REDACTED] : [REDACTED] Shares (subject to  
[REDACTED])  
[REDACTED] : Not more than HK\$[REDACTED] per  
Share and expected to be not less  
than HK\$[REDACTED] per  
[REDACTED], plus brokerage of  
1.0%, SFC transaction levy of  
0.0027%, AFRC transaction levy of  
0.00015% and Stock Exchange  
trading fee of 0.00565% (payable in  
full at on [REDACTED] in Hong  
Kong dollars, subject to refund)  
Nominal value : USD0.0001 per Share  
[REDACTED] : [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED] and  
[REDACTED]



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**IMPORTANT**

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[REDACTED]

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[REDACTED]

**EXPECTED TIMETABLE<sup>(1)</sup>**

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[REDACTED]

**EXPECTED TIMETABLE<sup>(1)</sup>**

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[REDACTED]

**EXPECTED TIMETABLE<sup>(1)</sup>**

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[REDACTED]



**EXPECTED TIMETABLE<sup>(1)</sup>**

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[REDACTED]

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [REDACTED]. There are risks associated with any investment.*

*Some of the particular risks in investing in the [REDACTED] are set out in “Risk Factors”. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this section are defined in “Definitions” and “Glossary of Technical Terms”.*

## OVERVIEW

We are an in-vehicle hardware and SaaS marketing and management service provider for players within the automotive aftermarket industry in China, with a focus on (i) sales of in-vehicle hardware products; and (ii) provision of SaaS marketing and management services, covering SaaS subscription services and SaaS value-added services, to the industry participants along the industry value chain. The automotive aftermarket industry was highly fragmented and consisted of many subsectors. In terms of revenue, in 2023, the market size of sales of in-vehicle hardware and SaaS marketing and management services for the automotive aftermarket industry accounted for approximately 0.5% and 0.4%, respectively of the much larger automotive aftermarket industry. According to the CIC Report, we ranked first as a SaaS marketing and management services provider for the automotive aftermarket industry in China with a market share of 6.1% in terms of revenue in 2023, and we ranked third as an in-vehicle hardware provider for the automotive aftermarket industry in China with a market share of 3.4% in terms of revenue in 2023.

Founded and headquartered in Shenzhen since 2012, we are dedicated to supporting our customers in the automotive aftermarket industry to better connect with their customers through our sales of in-vehicle hardware products and SaaS marketing and management services, aiming to enhance marketing management capabilities and broadening the revenue streams of our customers in the automotive aftermarket industry. With decade-long operational experience, and coupled with our industry insight and an ability to leverage the capabilities of technology, we have developed industry-specific products and services for industry participants along the automotive aftermarket industry value-chain such as 4S stores to improve their marketing and operational efficiencies.

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## SUMMARY

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### OUR BUSINESS MODEL

We offer (i) in-vehicle hardware products; and (ii) SaaS marketing and management services covering SaaS subscription services and SaaS value-added services.

- **Sales of in-vehicle hardware products:** We provide in-vehicle hardware products, including (a) in-vehicle infotainment system products and in-vehicle safety system products and (b) core boards.

Our in-vehicle infotainment system products and in-vehicle safety system products encompass our integrated products and services package, which includes hardware, cloud-based products and services, and an APP. They also include components such as in-vehicle hardware and SIM cards, enabling wireless Internet connectivity. This connectivity allows our products to offer integrated in-vehicle media content and service delivery. Through the aftermarket installation of our in-vehicle infotainment system products and in-vehicle safety system products, traditional cars can be upgraded to become Internet-enabled. Car users can then experience an enhanced car use experience, while at the same time enabling closer interaction between car users and 4S stores to provide aftermarket services such as repair and maintenance.

Additionally, we design and offer core boards. These boards embed SDK software, and are also capable of connecting data traffic. This setup allows our in-vehicle device OBM customers to efficiently develop their own Internet-enabled products.

Our in-vehicle hardware sold to our 4S store customers are primarily automotive accessories that are either upgrades or additions that enhance vehicle functionalities, which should be treated as additions to or retrofitting of standard factory-equipped hardware in new cars (for example, more advanced electronics and functionalities). 4S stores generally have their own departments specialising in automotive accessories procurement and retrofitting management, because the sales of these accessories is one of the sources of revenue for them.

Article 14 of the Ministry of Commerce Order No. 1 of 2017 “Automobile Sales Management Measures” (商務部令2017年第1號《汽車銷售管理辦法》) (“**Vehicle Sales Management Measures**”) prescribes that no supplier (i.e., automotive manufacturer) may set restrictions on any supplier of automobile accessories, supplies, finance, insurance, rescue, or any other product, except the accessories and services to be used at the expenses of a supplier for “Three Guarantee” services and recalling of a household automobile product, and it is an industry practice for automobile dealers to bid for the products on their own for the following reasons: (i) centralised purchasing by automotive dealers can ensure a lower purchase price; (ii) the installation, training and after-sales services of the products are more assured; (iii) automotive dealers are better able to handle the product warranty and after-sales issues; and (iv) automotive dealer groups in China generally may deal in multiple brands rather than being limited to only selling a single brand.

## SUMMARY

The table below sets forth the breakdown of average selling prices and sales volume by in-vehicle hardware product type during the Track Record Period:

	FY2021		FY2022		FY2023	
	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume
		'000		'000		'000
	RMB	units	RMB	units	RMB	units
In-vehicle infotainment system	885	90	863	112	763	166
In-vehicle safety system	227	74	224	60	383	65
Core board	144	551	142	440	130	574

Over the Track Record Period, there has been an decreasing trend in the average selling prices of our in-vehicle infotainment system products mainly due to the increase in sales of universal navigation systems and smart vehicle boxes with lower unit prices primarily due to the group purchasing campaign service under our SaaS value-added service launched. In FY2023, there was an increase in the average selling price of our in-vehicle safety system products due to the increase in the sales volume of one of our rear-view mirror products with bigger display screen and having real-time video capability, hence having a higher unit price when compared with our previous generation of the rear-view mirror product, and this product was well received by the market through its promotion through our group purchasing campaign service.

Besides, during FY2022, COVID-19 restrictions led to reduced demand for automotive aftermarket services and new hardware in vehicles which was primarily due to reduced vehicle usage and economic uncertainties. As such, there was lower demand of our customers for our products, leading to a decreasing trend in sales volume for our in-vehicle safety system and core board products from FY2021 to FY2022. In order to boost our sales, we launched, among other initiatives, the group purchasing campaign service under our SaaS value-added service starting from the second half of FY2022, as a result of which, we achieved a rebound in our sales volume of in-vehicle hardware products in FY2023.

## SUMMARY

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### *Market demand*

Our in-vehicle hardware products were mainly installed into ICEVs during the Track Record Period, and we anticipate that the revenue from our sales of in-vehicle hardware products for ICEVs would continue to maintain sizable notwithstanding a decreasing trend in sales of ICEVs in China. According to CIC, ICEVs accounted for more than 90% of the total passenger car parc in 2023, and this share is expected to be approximately 80% by 2028. Therefore, ICEV passenger vehicles are expected to continue to occupy a significant portion of the automotive aftermarket. However, the in-vehicle hardware products market is highly fragmented and the total revenue of sales of in-vehicle hardware products for the automotive aftermarket industry is only expected to increase from RMB6.7 billion in 2023 to RMB7.4 billion in 2028 at a CAGR of 2.2%, according to the CIC Report. Please refer to “Risk Factors—Failure to effectively navigate and capitalise on ICEV and NEV industry trends could negatively impact our financial performance and prospects.” in this document for further details.

In particular, our in-vehicle infotainment system products are mainly installed into ICEVs manufactured by joint-venture OEMs which are collaborative ventures between multinational brands and domestic brands (e.g. GAC Toyota, GAC Honda and FAW-Volkswagen). Our in-vehicle safety system products are mainly adapted by ICEVs and during the Track Record Period were installed in a number different brands and classes of vehicles including joint-venture OEMs between multinational brands and domestic brands, domestic brand OEMs and also a small proportion of luxury foreign OEMs. According to the CIC Report, joint-venture brands and domestic brands collectively accounted for 87.0% of the overall automotive market share in China in 2023 in terms of new vehicle sales volume, and are expected to reach 91.7% in 2028. Additionally, while most vehicle manufacturers pre-install hardware products, the majority of vehicle models, especially mid-range and low-end vehicle models, are installed with basic hardware products, which are different from the more advanced in-vehicle hardware products sold in the automotive aftermarket such as the in-vehicle hardware products we offered. On these bases, the market for sales of in-vehicle hardware products is expected to continue its growth in the following five years.

Furthermore, competition also arises from OEMs directly selling vehicles with integrated hardware, potentially bypassing the aftermarket altogether and offering a complete package to consumers. This means that OEMs may not only offer standalone in-vehicle hardware products but also sell vehicles that come pre-equipped with advanced hardware solutions. This strategy allows OEMs to provide consumers with an integrated experience, including both the vehicle and its embedded hardware, without the need for aftermarket installations. As a result, this direct sale approach from OEMs adds another dimension to the competition faced by us as aftermarket in-vehicle hardware provider, as consumers may opt for these comprehensive solutions directly from the vehicle manufacturer. Therefore, the market size of sales of in-vehicle hardware may decrease in the longer term.

## SUMMARY

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For further details of market demand of our sales of in-vehicle hardware, please refer to the section headed "Risk Factor – While ICEVs are expected to continue occupying a significant portion of the automotive aftermarket, our business faces risks from slow market growth, competition from OEMs, and dependence on specific OEMs and brands which may have adverse impact on the market demand of our products." in this document.

- **SaaS marketing and management services:** We provide (i) SaaS subscription services, including (a) Dijia SaaS targeting 4S store customers and channel partners, (b) HuGe e-Shield SaaS targeting automotive financing and leasing companies, and (ii) SaaS value-added services.

Our Dijia SaaS facilitate our 4S store customers to better manage their car user customers through functions like direct customer reach, automated data labelling and user management and precise marketing. These functions of our Dijia SaaS empower our 4S store customers to simplify and automate their work flow and help them to achieve customer acquisition and enhance their sales performance.

In addition, our HuGe e-Shield SaaS allows our automotive financing and leasing company customers to improve their risk management abilities during the process of monitoring of vehicles that are under finance and vehicle management after provision of financing, thus helping them to reduce bad debt rate, improve the vehicle recovery rate and mitigate economic losses. During the Track Record Period, our Dijia SaaS and HuGe e-Shield SaaS were charged on the basis of the actual number of enrolled and activated car users.

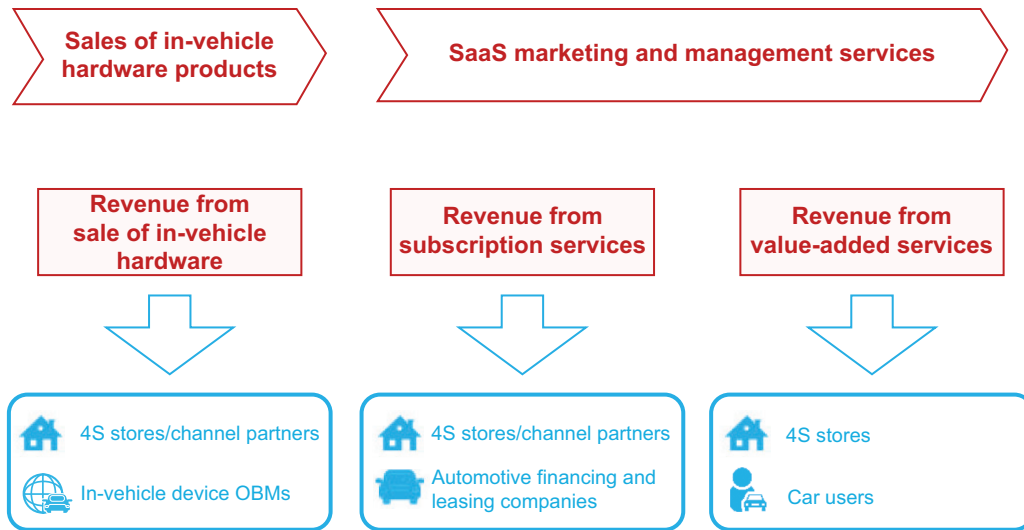
Besides, through our Dijia SaaS, we are able to reach out to car users, who are customers of our 4S store customers, and provide them with our SaaS value-added services, mainly including auto decoration products and services, and allow us to provide online and offline integrated marketing services to our 4S store customers.

Our in-vehicle hardware products were mainly installed into ICEVs during the Track Record Period. Our revenue from SaaS subscription services does not materially depend on our sales volume of in-vehicle hardware products mainly because there are only limited circumstances in which our Dijia SaaS interact with our in-vehicle hardware products (namely, in-vehicle safety hardware for location retrieval functionalities).



## SUMMARY

The following diagrams sets forth an overview of our business model during the Track Record Period.



## STRENGTHS

We believe that the following competitive strengths differentiate us from our competitors and have contributed to our success, each of which is discussed in detail in “Business—Our Strengths”:

- A well-established in-vehicle hardware and SaaS marketing and management services provider for players within the automotive aftermarket in China
- Industry specific and diversified products and services
- Research and development capability and industry insight supporting our growth
- Diverse customer base and stable relationships with customers
- Experienced management team with extensive experience

## OUR STRATEGIES

We plan to pursue the following strategies, each of which is discussed in detail in “Business—Our Strategies”:

- Continue to enhance our research and development capabilities to strengthen our competitiveness.
- Develop innovative features to our SaaS marketing and management services.

## SUMMARY

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- Continue to enhance our algorithmic modeling capabilities.
- Broaden our customer base and expand the service scope of our products and services.
- Expand the varieties of SaaS value-added products and services to satisfy the service needs of car users throughout the periods of use of vehicle.
- Seek strategic investment and collaboration opportunities in the upstream and downstream sectors of the industry.
- Attract, nurture and retain talent.

## RISK FACTORS

There are certain risks involved in the investment in the [REDACTED], among which the relatively material risks include the following:

- Our success depends on the size of the automotive aftermarket in the PRC for products and services.
- Demand for our services primarily depends on our ability to innovate, adapt and respond timely and effectively to rapidly changing technologies and market trends in the automotive aftermarket industry. If we fail to continue innovating or keep pace with technological developments or developing market trends, our business may be materially and adversely affected.
- We face intense competition in the market that we operate in. If we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be adversely affected.
- Failure to protect sensitive personal information of our customers and users against security breaches may damage our reputation and brand and substantially harm our business and results of operations.
- We store personal information belonging to our customers and car users of our SaaS systems and engage cloud service providers for storage of such information. If our security is compromised, or such information is otherwise accessed without authorisation, our reputation may be harmed, and we may be exposed to potential liability and significant loss of business.

## SUMMARY

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### OUR CUSTOMERS AND SUPPLIERS

#### Major customers

Our customers for sales of in-vehicle hardware products and provision of SaaS marketing and management services during the Track Record Period mainly included 4S stores, channel partners, automotive financing and leasing companies and in-vehicle device OBMs. During the Track Record Period, our five largest customers in each year of the Track Record Period accounted for approximately 52.7%, 38.6% and 33.3% of our total revenue, respectively. During the same periods, our largest customer in each year of the Track Record Period accounted for approximately 31.6%, 21.8% and 19.0% of our total revenue, respectively.

#### Major suppliers

Our suppliers primarily include OEM suppliers, mobile communication operators, cloud service providers, warehouse management and installation service providers. During the Track Record Period, our five largest suppliers in each year of the Track Record Period accounted for approximately 64.2%, 55.4% and 54.9% of our total purchase amounts, respectively. During the same periods, our largest supplier in each year of the Track Record Period accounted for approximately 29.4%, 21.1% and 16.7% of our total purchase amounts, respectively.

During the Track Record Period, we entered into various outsourcing arrangements with third-party OEM suppliers for production of certain components of our in-vehicle hardware products and up to complete in-vehicle hardware products under OEM arrangements. Our OEM suppliers produce our products based on specifications and standards established by us. Through outsourcing the production and/or assembly of certain components of in-vehicle hardware products and in-vehicle hardware products, we believe we are able to avoid direct exposure to the risks and expenses associated with operating our own production facilities. Please refer to “Business—Supply Chain Management—Our Suppliers—Outsourced Production Arrangement” for further details.

We generally engage service providers to provide warehouse management services including managing daily purchase orders, receiving and delivering products, managing inventory, etc. They may also provide us with installation services for our 4S store customers of specific regions. The service providers should strictly follow the relevant business processes that we prescribe. Please refer to “Business—Supply Chain Management—Our Suppliers—Outsourced warehouse management and installation service arrangements” for further details.

## SUMMARY

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### Pricing Policy

We determine the sales price of our products or services based on the content of the products or services provided and various factors such as customer type, product cost and market price level, and on the basis of ensuring a reasonable profit level.

For our sales of in-vehicle hardware products business, we determine the sales price primarily based on our costs and market prices while taking into account factors such as product specifications/packages, marketing cost and order volume.

For our SaaS subscription services, we charge our 4S store customers and channel partners for leads services and/or member benefits services of our Dijia SaaS on the basis of actual number of car users who use a particular type of service. We receive subscription fees from our automotive financing and leasing company customers for HuGe e-Shield SaaS on the basis of the number of car users enrolled with our HuGe e-Shield SaaS. The subscription term is usually one year or three years with an option to renew. The subscription fee mainly depends on the type of functional modules subscribed by the customer, the number of users and taking into account factors such as market price and our reasonable profit level.

For our SaaS value-added services, we receive product and service fees from car users through providing auto decoration products and services to them. We also receive marketing service fees for helping our customers to achieve new business transactions. Our pricing strategy takes into account factors such as the operating cost (i.e. online and offline marketing and operating personnel costs), vehicle models and brands (classified by domestic, joint venture and luxury models and brands), city attributes (classified by first-tier, second-tier and third-tier cities) and the gross profit level of our customer.

### COMPETITION

We face competition in the automotive aftermarket industry primarily from other connected services providers of the automotive aftermarket industry. For example, domestic and international OEMs (including NEV manufacturers) and other auto parts manufacturers may be much larger in terms of their business scales and the resources at their disposal (including but not limited to capital and research and development capabilities). The increasing trend of incorporating advanced technology by OEMs can result in heightened in-vehicle hardware product competition, particularly as these OEMs may provide products similar to ours with potentially better performance or pricing. Further, other auto parts manufacturers in the automotive aftermarket sector may offer in-vehicle hardware products that are comparable or superior in terms of quality, technology and price and compete with us.

## SUMMARY

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Additionally, hardware and software companies, who do not yet offer products and services for the connected products and services in the automotive aftermarket industry, may expand to offer their own in-vehicle hardware products and SaaS marketing and management services using their technologies, such potential competitors may include in-vehicle hardware products manufacturers and software service providers.

Despite potential competition from OEM manufacturers and other auto parts providers, our Directors confirm that our in-vehicle hardware business remains competitive due to the following factors (i) we specialise in customised in-vehicle hardware that meets the growing demand for connected services in China’s automotive aftermarket, offering more growth opportunities compared to traditional auto parts; (ii) our focus on automotive aftermarket customers, particularly 4S stores, has built a diverse customer base, unlike other providers whose business often involves generic products for OEMs, which may not result in strong relationships with automotive aftermarket customers; and (iii) we have strengths in special areas such as SaaS marketing and management services, which enhance our range of offerings and synergise with our hardware sales, improving our selling ability.

Our in-vehicle hardware demand and market share are expected to grow mainly due to: (i) we are expanding into the after-sales market of 4S stores to upgrade existing cars’ equipment, with stable revenue trends year on year during the Track Record Period; (ii) we are increasing our customer base and market share. According to the CIC report, we ranked third in terms of revenue generated from sales of in-vehicle hardware products for automotive aftermarket industry in China in 2023 with a 3.4% market share; and (iii) the market size for automotive aftermarket hardware is rising steadily, and we are focusing on growing our share by introducing products that meet market demand. We believe our competitive advantages lie in our position in the SaaS marketing and management services space, our long experience in designing, improving and adding on new functionalities onto our in-vehicle hardware products, our proven research and development capabilities, and the clients resources that we have accumulated over the years. We believe that we are well-positioned to compete effectively on the basis of the foregoing factors. Please refer to the section headed “Industry Overview” in this document for further information on the competitive landscape of our industry and the section headed “Risk Factors—We face intense competition in the market that we operate in. If we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be adversely affected”.

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## SUMMARY

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### CONTRACTUAL ARRANGEMENTS

#### Background

We engage in the business of sales of in-vehicle hardware products and the provision SaaS marketing and management services covering SaaS subscription services and SaaS value-added services. Under the PRC laws and regulations, (a) our SCRM system, which forms part of our SaaS marketing and management services, requires us to possess the value-added telecommunications business licence, and (b) our in-vehicle hardware products and SaaS subscription services under SaaS marketing and management services that use location-based user data, require us to possess a licence relating to internet map services. To comply with applicable laws and regulations and in line with common practice in companies conducting value-added telecommunication business and business that relates to internet map services (the “**Relevant Businesses**”) in the PRC, we have established the Contractual Arrangement through a series of agreements among Guanglian Shuke, Guanglian Saixun and the Registered Shareholders on 24 March 2023. As such, we operate our Relevant Businesses through our Consolidated Affiliated Entity. We do not directly own any equity interest in our Consolidated Affiliated Entity, Guanglian Saixun, and as at the Latest Practicable Date, Guanglian Saixun also holds a 50% equity interest in Hanhuaxing Technology, which is also a subsidiary of our Company that carries on the business of the Group that requires the possession of a value-added telecommunications licence. See “History, Reorganisation and Corporate Structure” for further information on the Guanglian Saixun and Hanhuaxing Technology.

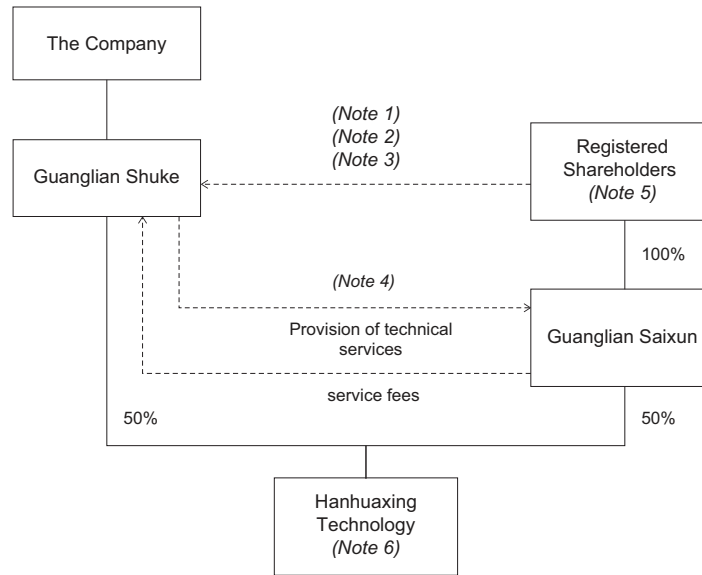
The existing agreements underlying the Contractual Arrangements include: (i) the Exclusive Business Cooperation Agreement; (ii) the Exclusive Option Agreement; (iii) the Equity Pledge Agreements; (iv) the Shareholders’ Rights Proxy Agreement; and (v) the Spousal Undertakings. Pursuant to the Contractual Arrangements, all substantial and material business decisions of the Consolidated Affiliated Entity will be instructed and supervised by our Group, through Guanglian Shuke, and all risks arising from the businesses of the Consolidated Affiliated Entity are also effectively borne by our Group as a result of such Consolidated Affiliated Entity being treated as our wholly-owned subsidiary. Accordingly, our Directors consider that it is fair and reasonable for Guanglian Shuke to be entitled to all economic benefits generated by the business operated by the Consolidated Affiliated Entity through the Contractual Arrangements as a whole.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entity to our Group under the Contractual Arrangements:

- (1) Irrevocable appointment as attorney-in-fact to exercise all shareholders’ rights in Guanglian Saixun (*Note 1*)

## SUMMARY

- (2) Exclusive option to acquire all or part of the equity interest in and/or assets of Guanglian Saixun (Note 2)
- (3) First priority security interest over the entire equity interest in Guanglian Saixun (Note 3)



“→” denotes direct legal and beneficial ownership in the equity interest

“- ->” denotes contractual relationship

### Notes:

- (1) Please see “Summary of Material Terms of the Contractual Arrangements—Shareholders’ Rights Proxy Agreement” for details.
- (2) Please see “Summary of Material Terms of the Contractual Arrangements—Exclusive Option Agreement” for details.
- (3) Please see “Summary of Material Terms of the Contractual Arrangements—Equity Pledge Agreements” for details.
- (4) Please see “Summary of Material Terms of the Contractual Arrangements—Exclusive Business Cooperation Agreement” for details.
- (5) As of the Latest Practicable Date, the Registered Shareholders were Zhenghe Futong, Xinjiang Rongying, Shanghai Xiangru and Mr. Zhao who held 41.47%, 39.68%, 16.34% and 2.51% of Guanglian Saixun, respectively.
- (6) Hanhuaxing Technology holds the Value-Added Telecommunications Business Licence for information services and is a subsidiary of our Company.

For further details of the regulations regarding foreign investment, please refer to the sections headed “Regulatory Overview” and “Contractual Arrangements” in this document.

## SUMMARY

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present our summary historical financial information for the periods or as of the periods indicated. This summary has been derived from our historical financial information included in the Accountants’ Report as set out in Appendix I. The summary historical financial data set forth below should be read together with, and is qualified in its entirety by reference to, the historical financial information included in the Accountants’ Report as set out in Appendix I, including the accompanying notes, and the information set forth in “Financial Information”. Our historical financial information was prepared in accordance with IFRS.

### SUMMARY OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	FY2021	FY2022	FY2023
	RMB’000	RMB’000	RMB’000
<b>Revenue</b> . . . . .	326,774	413,860	560,569
Cost of sales . . . . .	<u>(232,093)</u>	<u>(240,671)</u>	<u>(308,791)</u>
<b>Gross profit</b> . . . . .	94,681	173,189	251,778
Other income . . . . .	15,000	9,675	9,737
Other gains and losses . . . . .	260	8,164	9,714
Impairment losses recognised under expected credit loss model (“ECL”), net of reversal . . . . .	(74)	(521)	(1,554)
Distribution and selling expenses . . . . .	(31,807)	(91,280)	(159,126)
Administrative expenses . . . . .	(17,348)	(18,367)	(21,203)
Research and development expenditure . . . . .	(16,803)	(16,999)	(18,074)
Share of results of associates . . . . .	(57)	–	174
[REDACTED]. . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs . . . . .	<u>(1,930)</u>	<u>(1,637)</u>	<u>(2,283)</u>
<b>Profit before taxation</b> . . . . .	40,364	53,023	58,968
Income tax expense . . . . .	<u>(5,291)</u>	<u>(5,606)</u>	<u>(7,426)</u>
<b>Profit for the year</b> . . . . .	<u><b>35,073</b></u>	<u><b>47,417</b></u>	<u><b>51,542</b></u>
Profit for the year attributable to:			
Owners of the Company . . . . .	31,831	44,145	51,129
Non-controlling interests . . . . .	<u>3,242</u>	<u>3,272</u>	<u>413</u>
	<u><b>35,073</b></u>	<u><b>47,417</b></u>	<u><b>51,542</b></u>



## SUMMARY

### NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also present adjusted profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS financial measures which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS financial measures, when shown in conjunction with the corresponding IFRS financial measures, provides useful information to potential investors and management in understanding and evaluating our operating performance from period to period. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

We define the adjusted profit for the year (non-IFRS measure) by adding back the [REDACTED] to the profit for the year as presented in accordance with IFRS. [REDACTED] are mainly expenses related to the [REDACTED] and are added back mainly because they were incurred for the purpose of the [REDACTED]. We present the adjusted net profit margin (non-IFRS measure) by dividing adjusted net profit for the year by revenue for the year and multiplying the result by 100%.

The following table sets forth the adjusted profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) in the year stated below:

	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
<b>Profit for the year</b> .....	<u>35,073</u>	<u>47,417</u>	<u>51,542</u>
Adjusted for [REDACTED] .....	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
<b>Adjusted profit for the year (non-IFRS measure)</b> .....	<u>36,631</u>	<u>56,618</u>	<u>61,737</u>
<b>Adjusted net profit margin for the year (non-IFRS measure)</b> .....	<u>11.2%</u>	<u>13.7%</u>	<u>11.0%</u>

During the Track Record Period, our profit for the year was RMB35.1 million, RMB47.4 million and RMB51.5 million respectively. From FY2021 to FY2022, our profit improved from RMB35.1 million to RMB47.4 million, which was mainly attributable to our increased revenue, partially offset by the increased distribution and selling expenses and the [REDACTED]. Our profit for the period further increased from RMB47.4 million for FY2022 to RMB51.5 million for FY2023, representing an increase of approximately RMB4.1 million or 8.7% which was mainly attributable to our increased revenue, partially offset by the increased distribution and selling expenses, administrative expenses and [REDACTED].

## SUMMARY

The following table sets forth a breakdown of our revenue by business line during the Track Record Period:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Sales of in-vehicle hardware products</b>						
In-vehicle infotainment system	79,667	24.4	96,643	23.4	126,710	22.6
In-vehicle safety system	16,817	5.1	13,433	3.2	24,875	4.4
Core board	79,463	24.3	62,596	15.1	74,513	13.3
Sub-total	175,947	53.8	172,672	41.7	226,098	40.3
<b>SaaS marketing and management services</b>						
SaaS subscription services	141,513	43.3	130,270	31.5	134,525	24.0
SaaS value-added services	9,314	2.9	110,918	26.8	199,946	35.7
- Auto decoration products and services	9,314	100.0	101,840	91.8	176,827	88.4
- Online and offline integrated marketing services	-	0.0	9,078	8.2	23,119	11.6
Sub-total	150,827	46.2	241,188	58.3	334,471	59.7
<b>Total</b>	<b>326,774</b>	<b>100.0</b>	<b>413,860</b>	<b>100.0</b>	<b>560,569</b>	<b>100.0</b>

During the Track Record Period, our total revenue was RMB326.8 million for FY2021, RMB413.9 million for FY2022 and RMB560.8 million for FY2023. The overall increasing trend was mainly driven by (i) the increase in revenue from SaaS value-added services as a result of our continuous effort to promote and develop SaaS value-added services in FY2022 and FY2023 and (ii) the increase in revenue from sales of in-vehicle hardware products in FY2023.

During the Track Record Period, revenue from our sales of in-vehicle hardware products was RMB175.9 million, RMB172.7 million and RMB226.1 million, respectively. From FY2022 to FY2023, we achieved an increase in our sales of in-vehicle hardware products from approximately RMB172.7 million to RMB226.1 million, which was driven by, among other factors, (i) the market rebound as a result of the relaxation of the travel restrictions to cope with COVID-19; and (ii) favourable policies rolled out in the PRC in FY2023, including the subsidies and incentives to boost automotive consumption. The significant revenue increase was also attributable to an increase in revenue contribution of in-vehicle infotainment system and in-vehicle safety system through the implementation of the group purchasing strategy.

During the Track Record Period, revenue from our SaaS marketing and management services was RMB150.8 million, RMB241.2 million and RMB334.5 million, respectively. The overall increasing trend in the revenue and revenue contribution from our SaaS marketing and management services was driven by, among other factors, our sales efforts to promote our SaaS value-added services. During the Track Record Period, our revenue derived from SaaS value-added services was RMB9.3 million, RMB110.9 million and RMB199.9 million, respectively.

## SUMMARY

Such increase was due to (i) continuous growth in market demand. According to the CIC Report, the market size of SaaS value-added services in China grew at a CAGR of 200.4% between 2019 and 2023 and reached RMB1.3 billion in 2023. Such growth in market demand led to an increase of order number from 8,813 for FY2021 to 50,510 for FY2022, and further to 88,821 for FY2023. This was facilitated by the functionality and capabilities of our Dijia SaaS system, which played a crucial role in driving the growth of our auto decoration business, enhancing customer engagement, and expanding our market reach during the Track Record Period; (ii) expansion of our service product range to meet customer needs more comprehensively; (iii) our increased sales efforts to promote our auto decoration products and services, with a strategic focus on targeting 4S store customers. This resulted in the number of active 4S store customers of auto decoration products and services increasing from 322 during the year ended 31 December 2022 to 631 during the year ended 31 December 2023; and (iv) our expansion in the geographical scope of our presence in 4S stores across China, especially in Sichuan province, Chongqing city, and Shandong province, with active 4S store customers increasing from 56, 46, and 45 in FY2022 to 84,56 and 89 in FY2023, respectively, enabling our direct sales teams to support regional sales and expanding our sales network and customer base. For further details, please refer to the section headed “Financial Information” in this document.

The table below sets forth our gross profit and gross profit margin by business line for the years indicated.

	FY2021		FY2022		FY2023	
	Gross		Gross		Gross	
	Gross profit	profit margin	Gross profit	profit margin	Gross profit	profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Sales of in-vehicle hardware products</b>						
In-vehicle infotainment system . . . . .	9,676	12.1	22,112	22.9	24,338	19.2
In-vehicle safety system . . . . .	4,694	27.9	4,197	31.2	5,407	21.7
Core board . . . . .	12,158	15.3	7,701	12.3	10,645	14.3
<i>Sub-total</i> . . . . .	26,528	15.1	34,010	19.7	40,390	17.9
<b>SaaS marketing and management services</b>						
SaaS subscription services . . . . .	61,475	43.4	52,025	39.9	51,594	38.4
SaaS value-added services . . . . .	6,678	71.7	87,154	78.6	159,794	79.9
– Auto decoration products and services . . . . .	6,678	71.7	78,396	77.0	138,785	78.5
– Online and offline integrated marketing services . . . . .	0.0	0.0	8,758	96.5	21,009	90.9
<i>Sub-total</i> . . . . .	68,153	45.2	139,179	57.7	211,388	63.2
<b>Total</b> . . . . .	<b>94,681</b>	<b>29.0</b>	<b>173,189</b>	<b>41.8</b>	<b>251,778</b>	<b>44.9</b>

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## SUMMARY

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During the Track Record Period, our gross profit was RMB94.7 million, RMB173.2 million and RMB251.8 million, respectively. Our gross profit increased from RMB94.7 million for FY2021 to RMB173.2 million for FY2022, representing an increase of approximately RMB78.5 million or 82.9%. In FY2021, we recorded relatively lower overall gross profit and gross profit margin as compared to other years during the Track Record Period, which were negatively affected by (i) our product mix as we sold more of lower-cost and lower-priced in-vehicle hardware products such as core board, leading to the lower gross profit margin in FY2021, and (ii) the costs associated with the in-vehicle hardware manufacturing such as the costs of hardware increased, which led to the decreased profit margin of our in-vehicle infotainment system and core board, which resulted in the gross profit margin for sales of in-vehicle hardware products at 15.1% for FY2021. However, such effects on our overall gross profit margin were partially offset by (iii) the increasing revenue contribution from our SaaS marketing and management services, which has a higher gross profit margin as compared to our sales of in-vehicle hardware products as SaaS marketing and management services do not require high hardware manufacturing or high installation costs.

With the increase in revenue contribution from our SaaS marketing and management services in FY2022 and FY2023, our gross profit and gross profit margin have shown an increasing trend. For FY2022, our gross profit and gross profit margin were RMB173.2 million and 41.8%, respectively, while for FY2023, our gross profit and gross profit margin were RMB251.8 million and 44.9%, respectively.

During the Track Record Period, we had strategically put our focus on expanding our SaaS value-added services, which have the highest gross profit among our business lines through efforts we put into increasing our service offerings and our marketing efforts. With the development of our customer base during the Track Record Period, revenue from our SaaS value-added services has shown a significant increasing trend of RMB9.3 million, RMB110.9 million and RMB199.9 million, respectively, primarily due to (i) the increase in the revenue contribution of auto decoration products and services from RMB101.8 million for FY2022 to RMB176.8 million for FY2023; and (ii) the increase in the number of our active 4S store customers from 667 stores during the year ended 31 December 2022 to 1,429 stores during the year ended 31 December 2023.

## SUMMARY

### Selected Items of Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our Group’s audited consolidated financial statements included in Appendix I.

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Non-current Assets . . . . .	196,252	79,687	64,085
Current Assets . . . . .	322,265	482,290	501,766
Current Liabilities . . . . .	206,059	225,346	175,531
Net Current Assets . . . . .	116,206	256,944	326,235
Non-current Liabilities . . . . .	35,543	25,219	25,006
Net Assets . . . . .	276,915	311,412	365,314
Non-controlling interests . . . . .	3,745	4,680	(98)

As at 31 December 2021, 2022 and 2023, our net assets was RMB276.9 million, RMB311.4 million and RMB365.3 million, respectively. As at 31 December 2021 and 2022, our net assets increased from RMB276.9 million to RMB311.4 million, which was mainly attributable to profit for the year and capital injection by a non-controlling interest of a subsidiary, which was partially offset by the acquisition of non-controlling interest of a subsidiary. As at 31 December 2022 and 2023, our net assets increased from RMB311.4 million to RMB365.3 million, which was mainly attributable to profit for the year and issuance of shares of the Company pursuant to the Group Reorganisation, but was partially offset by the capital reduction pursuant to the Group Reorganisation.

As at 31 December 2021, 2022 and 2023, our net current assets was RMB116.2 million, RMB256.9 million and RMB326.2 million, respectively. As at 31 December 2021 and 2022, our net current assets increased from RMB116.2 million to RMB256.9 million, which was mainly attributable to increased trade and other receivables, increased financial assets at FVTPL, and increased cash and cash equivalents, but was partially offset by the increased trade and other payables. As at 31 December 2022 and 2023, our net current assets increased from RMB256.9 million to RMB326.2 million, which was mainly attributable to increased trade and other receivables and financial assets at FVTPL, which mainly represented our Group’s investment into an investment fund product.

## SUMMARY

### Selected items from the Consolidated Statements of Cash Flows

	FY2021	FY2022	FY2023
	RMB'000	RMB'000	RMB'000
Net cash from operating activities . . . . .	57,591	30,279	26,118
Net cash (used in)/from investing activities . . .	(36,729)	80,994	(11,802)
Net cash from/(used in) financing activities . . .	6,276	(18,196)	4,681
<b>Net (decrease)/increase in cash and cash equivalents . . . . .</b>	<b>27,138</b>	<b>93,077</b>	<b>18,997</b>
Cash and cash equivalents at beginning of the year . . . . .	18,026	45,164	138,241
Effects of foreign exchange rate changes . . . .	–	–	(15)
<b>Cash and cash equivalents at end of the year . . . . .</b>	<b>45,164</b>	<b>138,241</b>	<b>157,223</b>

For further detail of our cash flow analysis, please refer to the section headed “Financial Information—Cash Flows” in this document.

### KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year/as at the dates indicated:

	Year ended 31 December		
	2021	2022	2023
<b>Profitability ratio</b>			
Gross profit margin <sup>(1)</sup> . . . . .	29.0%	41.8%	44.9%
Net profit margin <sup>(2)</sup> . . . . .	10.7%	11.5%	9.2%
Return on equity <sup>(3)</sup> . . . . .	13.2%	16.1%	15.2%
Return on total assets <sup>(4)</sup> . . . . .	6.8%	8.8%	9.1%
	As at 31 December		
	2021	2022	2023
<b>Liquidity ratio</b>			
Current ratio <sup>(5)</sup> . . . . .	1.6 times	2.1 times	2.9 times
Quick ratio <sup>(6)</sup> . . . . .	1.5 times	2.1 times	2.8 times

*Notes:*

- (1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.
- (2) Net profit margin was calculated based on net profit divided by revenue for the respective year.

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## SUMMARY

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- (3) Return on equity was calculated based on annualised net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
- (4) Return on total assets was calculated based on annualised net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (5) Current ratio was calculated based on the total current assets divided by the total current liabilities.
- (6) Quick ratio was calculated based on the total current assets less inventories and divided by the total current liabilities.

### [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share.

We intend to use the [REDACTED] from the [REDACTED] in the following manner:

- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to enhance our research and development capabilities, in particular, to apply the [REDACTED] to the following R&D initiatives: (1) developing innovative features to our SaaS marketing and management services; (2) enhancing our algorithmic modeling capabilities; (3) upgrading our existing in-vehicle hardware products; (4) enhancing the cloud-native technology in our products and services; and (5) enhancing investments in cloud-based infrastructure;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to broaden our service offerings to other participants along the industry chain of the automotive industry, in particular, to apply the [REDACTED] to the following: (1) increasing penetration of our products and services to 4S stores; (2) expanding our services to insurance companies; and (3) expanding our services to automotive manufacturers;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to seek potential strategic investment and collaboration opportunities; specifically, we expect to acquire minority interests in or collaborate with the upstream and downstream of the industry such as acquiring minority interest of advanced vehicle hardware manufacturers, or seeking collaboration opportunities with 4S stores group or automotive manufacturers;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for our working capital and general corporate purposes.

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## SUMMARY

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### **[REDACTED] INVESTMENTS**

Since April 2016, our Company obtained several rounds of investments from the [REDACTED] Investors through subscriptions for increased registered capital of and transfers of equity interests in our Company. As at the Latest Practicable Date, our [REDACTED] Investors included Mr. Gao, Xingmin ITS, Lingyu Investment, Huaixin Investment, Huiheng Investment, Profit Channel and Cova Investment. See “History, Reorganisation and Corporate Structure—[REDACTED] Investments—Principal Terms of the [REDACTED] Investments” for details of our [REDACTED] Investments.

### **OUR CONTROLLING SHAREHOLDERS GROUP**

As at the Latest Practicable Date, Mr. Zhu Lei and Mr. Zhu Hui were entitled to exercise the voting rights attached to approximately 51.33% of the total issued share capital of the Company, among which, (i) Mr. Zhu Lei and Mr. Zhu Hui were each interested in approximately 10.89% and 26.13% of our total issued share capital, respectively, and they together were interested in approximately 37.02% of our total issued share capital pursuant to the Acting in Concert Confirmation and (ii) they are being entrusted by, among others, J-Visionary, ZZ-Intelligent and Rongying BVI to exercise the voting rights attached to approximately 14.31% pursuant to the Voting Rights Entrustment Agreement, for the purpose of further enhancing the decision making efficiency at the general meetings of the Company and ensuring the effective implementation of the strategy of our Group at the Shareholder level.

Immediately following the completion of the [REDACTED] without taking into account any Shares to be issued upon the exercise of any options granted under the Share Option Scheme, Mr. Zhu Lei and Mr. Zhu Hui, directly and indirectly through entrusted by J-Visionary, ZZ-Intelligent and Rongying BVI, will be entitled to exercise approximately [REDACTED] of the voting rights of the Company. Please refer to the section headed “Relationship with our Controlling Shareholders Group—Our Controlling Shareholders Group—Acting in Concert Confirmation” in this document for further details.

### **CONNECTED TRANSACTIONS**

We have entered into certain agreements with parties that will be our connected persons (as defined under Chapter 14A of the Listing Rules) upon the [REDACTED], and the transactions contemplated under such agreements will constitute continuing connected transactions under the Listing Rules. Due to foreign investment prohibitions and restrictions and licensing requirements in the PRC, we conduct a substantial portion of our business through Guanglian Saixun, our Consolidated Affiliated Entity in the PRC. We do not directly own any equity interest in Guanglian Saixun. To provide our Group with control over Guanglian Saixun, we have entered into a series of agreements narrowly tailored to provide our Group with control over Guanglian Saixun and to grant our Group the right to acquire the equity interests of Guanglian Saixun when and to the extent permitted by the PRC laws and regulations, among others. Under the Contractual Arrangements, we operate certain businesses in China that are subject to foreign investment restrictions or prohibitions and licenses requirements through, and derive



## SUMMARY

economic benefits from, Guanglian Saixun. We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] waivers from strict compliance with certain requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements. See “Connected Transactions”.

### DIVIDENDS

Dividends to non-controlling shareholders in the amount of RMB2.7 million was declared during FY2021 and paid during FY2022. Save for the foregoing, no dividends had been declared during the Track Record Period and up to the Latest Practicable Date.

We do not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our Shareholders in a Shareholders’ meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders’ interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the Cayman Companies Act. Historical dividend distributions are not indicative of our future dividend distribution.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

### [REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that (i) the [REDACTED] is completed and [REDACTED] Shares are [REDACTED] in the [REDACTED]; and (ii) [REDACTED] Shares are [REDACTED] and outstanding following the completion of the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
Market capitalisation of the Shares following the completion of the [REDACTED]	HK\$[REDACTED] million	HK\$[REDACTED] million
Unaudited [REDACTED] adjusted consolidated net tangible assets per Share of the Company attributable to owners of the Company (Note)	RMB[REDACTED] HK\$[REDACTED]	RMB[REDACTED] HK\$[REDACTED]

## SUMMARY

*Note:* The number of shares used for the calculation of unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on [REDACTED] Shares outstanding immediately following completion of the [REDACTED] (being disclosed as subsequent events in Note 40 to the Appendix I to the document) and the [REDACTED].

It does not take into account (i) any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme or (ii) any Shares which may be [REDACTED] or repurchased by the Company pursuant to the “General mandate to allot and issue shares” or “General mandate to repurchase shares” under the section headed “Share capital” in this document, as the case may be. The unaudited [REDACTED] adjusted combined net tangible assets per Share of the Company attributable to owners of the Company were calculated after adjustments as specified in “Appendix II—Unaudited [REDACTED] Financial Information.”

Subsequent to 31 December 2023, the following significant event took place: [On 18 June 2024, the written resolution of the shareholders were passed to approve the matters set out in “Appendix IV—Statutory and General Information—Written Resolutions of our Shareholders passed on 18 June 2024” to the document. It was resolved, among other things, conditional on the share premium account having sufficient balance, or otherwise being credited as a result of the [REDACTED] and [REDACTED] of the shares pursuant to the [REDACTED], the Directors were authorised to capitalise USD[REDACTED] standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par [REDACTED] shares for [REDACTED] and [REDACTED] to the holders of shares whose names appear on the register of members or principal share register of the Company at the close of business on [REDACTED] in proportion to their then existing respective shareholdings in the Company.]

Save as disclosed above, no adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 to reflect any operating result or other transactions of the Group entered into subsequent to 31 December 2023.

### [REDACTED]

[REDACTED] to be borne by us are estimated to be approximately RMB[REDACTED] million or [REDACTED]% of the [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share consisting of (i) [REDACTED]-related expenses (including but not limited to [REDACTED] and fees) of approximately RMB[REDACTED] million and (ii) non-[REDACTED] related expenses of approximately RMB[REDACTED] million, comprising (a) fees and expenses of our legal advisers and reporting accountant of approximately RMB[REDACTED] million; and (b) other fees and expenses of approximately RMB[REDACTED] million.

During the Track Record Period, [REDACTED] was RMB[REDACTED] million, RMB[REDACTED] million and RMB[REDACTED] million, respectively. The total [REDACTED] in relation to the [REDACTED] (based on the mid-point of the [REDACTED] range stated in this document and assuming no [REDACTED] will be exercised), mainly comprising fees paid or payable to professional parties and [REDACTED] fees and [REDACTED], are expected to be approximately RMB[REDACTED] million, of which, (i) approximately RMB[REDACTED] million is expected to be deducted from equity upon completion of the [REDACTED] under the relevant financial reporting standards; and (ii) approximately RMB[REDACTED] million is expected to be recognised as expenses in profit or loss. In respect of the total amount charged or to be charged to our profit or loss, approximately RMB[REDACTED] million has been charged to our profit or loss during the Track Record Period. The [REDACTED] above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

## **SUMMARY**

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### **LEGAL PROCEEDINGS AND COMPLIANCE**

As at the Latest Practicable Date, no member of our Group or our Directors was involved in any litigation, claim or administrative proceedings of material importance, and no litigation, claim or administrative proceedings of material importance is known to our Directors to be pending or threatened against any member of our Group or our Directors. We had certain non-compliance incidents during the Track Record Period, including failure to make social insurance fund contributions and housing provident fund contributions in full in the PRC, engaging a third party agent to make contributions of social insurance and housing provident fund, and one incident of non-compliance of our in-vehicle hardware products with the relevant national standard. Please refer to the section headed “Business—Legal Proceedings and Compliance”, and “Business—Quality Control” in this document for further details.

### **IMPACTS OF THE COVID-19 OUTBREAK**

Since December 2019, the COVID-19 outbreak has had a significant impact to the global economy. In response, the PRC government has implemented strict measures to control COVID-19 outbreak in the PRC. In particular, lockdowns, closure of workplaces and travel and transport restrictions were put in place to contain the spread of the virus. The imposition of the various pandemic mitigation measures above by the PRC Government had caused negative impact to the business operations of our 4S store customers. As such, our overall revenue in FY2021 was lower as compared to other years during the Track Record Period. Since the initial outbreak, there have also reoccurrences of COVID-19 cases in a number of cities of China, in response to which the government had taken further containment measures and our own business operations, as well as the operations of our business partners were affected. While COVID-19 containment measures had, to a certain extent, affected our business during the Track Record Period, as at the Latest Practicable Date, our business operations and financial conditions were not materially impacted by the containment measures that have been put in place. Our Directors take the view that the COVID-19 outbreak is not expected to cause any material adverse impact on the Group’s operations and performance in the long run.

### **RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE**

Subsequent to the Track Record Period and up to the Latest Practicable Date, we continued to focus on the (i) sales of in-vehicle hardware products; and (ii) the provision of SaaS marketing and management services. Our business operation remained stable after the Track Record Period and up to the Latest Practicable Date. There was no change to our general business model and the economic environment remained generally stable up to the Latest Practicable Date.

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## SUMMARY

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Based on the unaudited management account for the four months ended 30 April 2024, our revenue grew steadily as compared to the corresponding period in 2023. Such increase in revenue was primarily attributable to increase in revenue from providing SaaS marketing and management services, in particular, our SaaS value-added services, which is consistent with our financial performance during the FY2023.

After due and careful consideration, our Directors confirm that, as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 31 December 2023 being the end of the Track Record Period, and there is no event since 31 December 2023 which would materially affect the information shown in the Accountants' Report, the contents of which are set out in Appendix I.

### **Recent regulatory development relating to the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies**

On 17 February 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and five supporting guidelines, which came in to effect on 31 March 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfil the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted. The Company has submitted the filing with the CSRC as required under the Trial Measures and the CSRC has issued a notice on 2 April 2024 on its completion of the Company's filing.

## DEFINITIONS

*In this document, the following words and expressions shall have the meanings set out below unless the context otherwise requires. Certain other terms are explained in the section headed “Glossary of Technical Terms” in this document.*

“Acting in Concert Confirmation”	the Acting in Concert Confirmation dated 28 April 2023 entered into between Mr. Zhu Lei and Mr. Zhu Hui
“affiliate”	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“AFRC”	Accounting and Financial Reporting Council of Hong Kong (會計及財務匯報局)
“Aika Shangyun”	Ma’anshan Aika Shangyun Information Technology Company Limited (馬鞍山愛卡商雲信息技術有限公司), a limited company established under the laws of the PRC on 23 January 2019, of which Guanglian Shuke holds 15.01% of its registered capital and the remaining 84.99% of Aika Shangyun is held directly by Sainade (Beijing) Information Technology Co. Ltd. (塞納德(北京)信息技術有限公司) and Beijing Zhide Diankang E-Commerce Co. Ltd. (北京智德典康電子商務有限公司), companies deemed to be majority controlled by Mr. Zhang Wei, as to 67.99% and 17.00% respectively
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company, conditionally adopted on 18 June 2024 and effective on the [REDACTED], a summary of which is set out in Appendix III to this document and as may be amended, supplemented or otherwise modified from time to time
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors

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## DEFINITIONS

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“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“CAGR”	compounded annual growth rate

[REDACTED]

“Carlink BVI”	Carlink Future Inc., a BVI business company incorporated under the laws of the BVI with limited liability by shares on 24 January 2022, which is wholly-owned by our Company
“Carlink HK”	Carlink HongKong Limited, a limited company incorporated in Hong Kong on 8 February 2022 and a wholly-owned subsidiary of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (國家金融監督管理總局)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this document, references in this document to China or the PRC exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Chinese Government”, “PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them

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## DEFINITIONS

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“CIC” or “Industry Consultant”	China Insights Industry Consultancy Limited, a market research and consulting company to conduct research and analysis of, and to produce an industry report of the automobile industry and connected services for the automotive aftermarket market in China
“CIC Report”	an industry report prepared by CIC on the automobile industry and connected services for the automotive aftermarket market in China
“Companies Act” or “Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands, as amended, supplemented or modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	GL-Carlink Technology Holding Limited (廣聯科技控股有限公司) (formerly known as Carlink International Limited and GL-Carlink Technology International Holding Limited (廣聯科技國際控股有限公司)), an exempted company incorporated in the Cayman Islands on 12 January 2022 with limited liability under the Companies Act
“Consolidated Affiliated Entity”	the entity we control through the Contractual Arrangements, namely Guanglian Saixun, and is deemed to be one of our wholly-owned subsidiaries
“Contractual Arrangements”	the series of contractual arrangements entered into by parties including Guanglian Shuke, Guanglian Saixun, the Registered Shareholders, general partners of the Registered Shareholders, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang and Mr. Zhao and their respective spouses

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## DEFINITIONS

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“Controlling Shareholders Group”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Zhu Lei, Mr. Zhu Hui, Future Expectations, Future Tendency, ZH-tendency and ZL-expectations
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Cova Investment”	Cova Investment Holdings Limited (高發投資控股有限公司), a limited company incorporated in Hong Kong on 30 December 2021 and one of our [REDACTED] Investors
“COVID-19”	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the Chinese national securities markets
“Deed of Indemnity”	a deed of indemnity dated 18 June 2024 entered into by our Controlling Shareholders Group in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the section headed “Statutory and General Information—E. Other information—5. Tax and other indemnities—(e) Deed of Indemnity” in Appendix IV to this document
“Dijia Smart Cloud”	Shenzhen City Dijia Smart Cloud Service Company Limited (深圳市嘀加智慧雲服務有限公司) (formerly known as Shenzhen City DidiHu Automobile Rental Co., Limited (深圳市滴滴虎汽車租賃有限公司)), a limited company established under the laws of the PRC on 23 July 2015, and wholly-owned by Guanglian Shuke
“Director(s)”	the director(s) of our Company



## DEFINITIONS

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“Extreme Conditions” means the occurrence of “extreme conditions” as announcement by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below

[REDACTED]

“FY” the financial year ended or ending 31 December

“Future Expectations” Future expectations Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 5 January 2022, which is wholly-owned by Mr. Zhu Lei and is one of the members of our Controlling Shareholders Group

“Future Tendency” Future tendency Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 5 January 2022, which is wholly-owned by Mr. Zhu Hui and is one of the members of our Controlling Shareholders Group

“GDP” gross domestic product

[REDACTED]

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## DEFINITIONS

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“Guanglian Saixun”	Shenzhen Guanglian Saixun Co., Ltd. (深圳廣聯賽訊股份有限公司), a joint stock company established under the laws of the PRC on 4 May 2012, and is our Consolidated Affiliated Entity
“Guanglian Shuke”	Shenzhen Guanglian Shuke Technology Company Limited (深圳廣聯數科科技有限公司) (formerly known as Shenzhen City Weien Technology Co., Limited (深圳市唯恩科技有限公司)), a limited company established under the laws of the PRC on 28 November 2012, and is indirectly wholly-owned by our Company
“Haikou Dijia”	Haikou Dijia Technology Co., Ltd. (海口市嘀加科技有限公司), a limited company established under the laws of the PRC on 27 July 2023, a wholly-owned subsidiary of Guanglian Shuke, and is indirectly wholly-owned by our Company
“Hanhuaxing Technology”	Shenzhen Hanhuaxing Technology Company Limited (深圳市瀚華興科技有限公司), a limited company established under the laws of the PRC on 16 May 2013, and is held as to 50% by Guanglian Saixun and 50% by Guanglian Shuke
“Hantu Dijia”	Shaanxi Hantu Dijia Technology Co., Ltd. (陝西悍途嘀加科技有限公司), a limited company established under the laws of the PRC on 20 October 2023 and is owned as to 51.00% by Dijia Smart Cloud and 49.00% by an Independent Third Party
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

[REDACTED]

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## DEFINITIONS

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"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Participant"	means a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKSCC Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operation and functions of CCASS, as from time to time in force

[REDACTED]

"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
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[REDACTED]

## DEFINITIONS

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[REDACTED]

“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors’ knowledge, information and belief, is/are not our connected persons or associates of our connected persons as defined under the Listing Rules
“Intelligent Leader”	Intelligent Leader Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 5 January 2022, which is wholly-owned by Mr. Zhao

[REDACTED]

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## DEFINITIONS

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[REDACTED]

“J-Visionary”	J-Visionary Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 15 March 2023, which is indirectly wholly-owned by Mr. Jiang
“Latest Practicable Date”	19 June 2024, being the latest practicable date prior to the printing of this document for ascertaining certain information in this document

[REDACTED]

“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“M&A Rules”	the Rules on Merger and Acquisition of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on 18 June 2024 and effective on the [REDACTED], a summary of which is set out in Appendix III to this document, as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“MIIT”	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Cui”	Mr. Cui Changsheng (崔常晟), one of our non-executive Directors
“Mr. Gao”	Mr. Gao Henan (高赫男), one of our [REDACTED] Investors and a former director of Guanglian Saixun from May 2016 to May 2023
“Mr. Jiang”	Mr. Jiang Zhongyong (蔣忠永), one of our executive Directors
“Mr. Zhang Wei”	Mr. Zhang Wei (張維), one of our substantial shareholders
“Mr. Zhao”	Mr. Zhao Zhan (趙展), one of our executive Directors and one of the Registered Shareholders
“Mr. Zhu Hui”	Mr. Zhu Hui (朱暉), one of the members of our Controlling Shareholders Group and younger brother of Mr. Zhu Lei
“Mr. Zhu Lei”	Mr. Zhu Lei (朱雷), one of our founders, one of the members of our Controlling Shareholders Group, one of our executive Directors, the Chairman of our Board and the elder brother of Mr. Zhu Hui
“Mr. Zou”	Mr. Zou Fangzhao (鄒方昭), one of our non-executive Directors
“NBSC”	National Bureau of Statistics of China (中華人民共和國國家統計局)
“NDRC”	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

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## DEFINITIONS

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“NEEQ”	the National Equities Exchange and Quotation (全國中小企業股份轉讓系統)
“Nomination Committee”	the nomination committee of our Board
“National People’s Congress”	the National People’s Congress of the PRC (中華人民共和國全國人民代表大會)

[REDACTED]

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC Legal Adviser”	Fangda Partners, the legal adviser to our Company as to PRC laws

[REDACTED]

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## DEFINITIONS

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[REDACTED]

“Qihou Youjian”	Qihou Youjian Network Technology (Shenzhen) Co., Ltd. (汽後優簡網絡科技(深圳)有限公司), a limited company established under the laws of the PRC on 7 December 2020 and is owned as to 18.00% by Dijia Smart Cloud and 82.00% by Independent Third Parties
“Registered Shareholders”	Zhenghe Futong, Xinjiang Rongying, Shanghai Xiangru and Mr. Zhao
“Relevant Persons”	the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of their or our Company’s respective directors, advisers, officers, employees, agents or representatives or any other person or party involved in the [REDACTED]
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of the Board
“Reorganisation”	the reorganisation arrangements we have undergone in preparation for the [REDACTED] which are more particularly described in the section headed “History, Reorganisation and Corporate Structure—Reorganisation” in this document
“Reorganisation Framework Agreement”	the reorganisation framework agreement dated 18 March 2022, entered into by our Company, Carlink BVI, Carlink HK, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang, the Registered Shareholders, Guanglian Saixun and the then shareholders of Guanglian Saixun
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Rongying BVI”	Rongying Future Inc., a BVI business company incorporated under the law of the BVI with liability limited by shares on 7 January 2022, which is owned as to 67.99% by Mr. Zhao and 32.01% by 13 employees of the Group



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## DEFINITIONS

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“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAFE Circular 37”	Circular of the SAFE on Issues Concerning Foreign Exchange Administration of Overseas Investments and Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) promulgated by the SAFE on 4 July 2014
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a nominal or par value of USD0.0001 each
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 18 June 2024, the principal terms of which are summarised under the section headed “Statutory and General Information—D. Share Option Scheme” in Appendix IV to this document
“Share Subscription Agreement”	the share subscription agreement dated 12 August 2022, entered into by our Company, Carlink BVI, Carlink HK, Guanglian Shuke, Guanglian Saixun and the then Shareholders
“Shanghai Rongru Investment”	Shanghai Rongru Investment Management Centre (Limited Partnership) (上海融儒投資管理中心(有限合伙)), a limited partnership established in the PRC on 13 July 2015 that is owned as to 43.00% by Mr. Zhu Lei and 57.00% by Mr. Zhu Hui

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## DEFINITIONS

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“Shanghai Xiangru”	Shanghai Xiangru Investment Management Center (Limited Partnership) (上海相濡投資管理中心(有限合夥)), a limited partnership established in the PRC on 5 June 2015 that is owned as to 99.00% by Mr. Zhu Hui and 1.00% by four employees of the Group who are Independent Third Parties, and one of the Registered Shareholders
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Agreement”	the shareholders’ agreement dated 12 August 2022, entered into by our Company, the then Shareholders and the Registered Shareholders

[REDACTED]

“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Strategy Committee”	the strategy committee of the Board
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Tianjin Chejia”	Tianjin Chejia Internet of Things Technology Company Limited (天津車家物聯網科技有限公司) (formerly known as Tianjin Guijiao Internet of Things Technology Co., Limited (天津軌交物聯網科技有限公司)), a limited company established under the laws of the PRC on 9 December 2019, a wholly-owned subsidiary of Guanglian Shuke, and is indirectly wholly-owned by our Company
“Track Record Period”	the period comprising the three financial years ended 31 December 2021, 2022 and 2023

[REDACTED]

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## DEFINITIONS

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[REDACTED]

“United States” or “U.S.”	the United States of America
“U.S. dollars” or “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“Visionary Leader”	Visionary Leader Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 5 January 2022, which is wholly-owned by Mr. Jiang
“Voting Rights Entrustment Agreement”	the voting rights entrustment agreement dated 30 May 2023 entered into among Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang and Mr. Zhao and their respective controlled entities, pursuant to which Mr. Jiang, Mr. Zhao and their respective controlled entities, and Rongying BVI, entrusted Mr. Zhu Lei and Mr. Zhu Hui to exercise the voting rights attached to the Shares held by each of them
“we”, “us”, “our”, “Group” and “our Group”	our Company and our subsidiaries, or where the context refers to any time prior to the incorporation of our Company, the business in which the predecessors of its present subsidiaries were engaged and which were subsequently assumed by such subsidiaries pursuant to the Reorganisation
“Xinjiang Rongying”	Xinjiang Rongying Equity Investment Limited Partnership Corporation (新疆融盈股權投資有限合夥企業), one of the Registered Shareholders, a limited partnership established in the PRC on 6 September 2015 that is approximately owned as to (i) 87.09% by Mr. Zhu Hui, (ii) 8.02% by Mr. Zhao, (iii) 1.72% by Shanghai Rongru Investment, which is held as to 57.00% by Mr. Zhu Hui and 43.00% by Mr. Zhu Lei, and (iv) 3.17% by seven employees of the Group

## DEFINITIONS

“Yantai Longhe”	Yantai Longhe Investment Company Limited (煙台隆赫投資有限公司), one of our substantial shareholders, which is a limited company established under the laws of the PRC on 13 April 2016, which is held as to 25% by each of Mr. Gao, Mr. Cui, Mr. Wang Zhicheng (王志成) and Mr. Zou Fangkai (鄒方凱). Mr. Zou Fangkai is a relative of Mr. Zou and Mr. Cui, and therefore a connected person
“ZH-tendency”	ZH-tendency Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 15 March 2023, which is indirectly wholly-owned by Mr. Zhu Hui and one of the members of our Controlling Shareholders Group
“Zhenghe Fangda”	Jiangsu Zhenghe Fangda Investment Holding Co., Ltd. (江蘇正和方達投資控股有限公司), a limited liability company established in the PRC on 27 July 2010 that is owned as to 50.00% by Mr. Zhu Lei, 25.00% by Mr. Zhu Hui and 25.00% by Mr. Jiang
“Zhenghe Futong”	Tianjin Zhenghe Futong Equity Investment Partnership Enterprise (Limited Partnership) (天津正和富通股權投資合夥企業(有限合夥)) (formerly known as Ma’anshan Zhenghe Futong Equity Investment Partnership Enterprise (Limited Partnership) (馬鞍山正和富通股權投資合夥企業(有限合夥)) and Nanjing Zhenghe Futong Equity Investment Partnership Enterprise (Limited Partnership) (南京正和富通股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on 1 December 2011 that is owned as to 50.00% by Mr. Zhu Lei, 40.00% by Mr. Jiang, approximately 9.09% by Mr. Zhao and approximately 0.91% by Zhenghe Fangda and one of the Registered Shareholders
“ZL-expectations”	ZL-expectations Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 15 March 2023, which is indirectly wholly-owned by Mr. Zhu Lei and one of the members of our Controlling Shareholders Group

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## DEFINITIONS

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“ZZ-Intelligent”	ZZ-Intelligent Inc., a BVI business company incorporated under the laws of the BVI with liability limited by shares on 15 March 2023, which is indirectly wholly-owned by Mr. Zhao
“%”	per cent

*Unless otherwise expressly stated or the content otherwise requires, in this document:*

- *all times refer to Hong Kong time and references to years in this document are to calendar years;*
- *the term “associate(s)”, “close associate(s)”, “connected person(s)”, “core connected person(s)”, “connected transaction(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings ascribed to such terms in the Listing Rules;*
- *certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of figures preceding them; and*
- *the English names of the PRC laws, rules, regulations, nationals, entities, governmental authorities, institutions, facilities, certificates and titles etc. mentioned in this document, are translations from their Chinese names and are for identification purpose only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.*

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## GLOSSARY OF TECHNICAL TERMS

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*This glossary contains explanations of certain terms, definitions and abbreviations used in this document in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.*

“4S”	sales, service, spare parts and surveys
“algorithms”	a finite sequence of well-defined instructions, typically used to solve a class of specific problems or to perform a computation
“APP”	a computer program designed to run on a mobile device
“API”	application programming interface, a set of routines, protocols and tools for building software applications
“automotive aftermarket”	all the services around the use of a car after the car is sold
“big data”	diverse sets of information growing at ever-increasing rates that is the complex for processing by traditional database management tools
“CADA”	China Automobile Dealers Association
“car parc”	the total number of registered vehicles within a given geographic region
“cloud computing”	the on-demand availability of computer system resources, especially data storage (cloud storage) and computing power, without direct active management by the user
“cloud native”	an ideology of software architecture based on cloud computing and an approach in software development that utilises cloud computing to build and run scalable applications in modern, dynamic environments such as public, private, and hybrid clouds

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## GLOSSARY OF TECHNICAL TERMS

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“connected services”	services for the automotive aftermarket industry that comprise sales of in-vehicle hardware products that can connect vehicles to the internet, and SaaS marketing and management services.
“conversion rate”	the number of successful transactions divided by the total number of leads that can be tracked to a conversion from the lead during the same time period
“CPCA”	China Passenger Car Association
“CRM”	customer relationship management
“digitalisation service”	the use of digital technologies to change a business model and provide new revenue and value-producing opportunities
“DMP”	data management platform
“DMS”	dealer management system
“ERP”	enterprise resource planning
“GPS”	Global Positioning System
“ICV”	Intelligent Connected Vehicles, a new generation of multi vehicle systems that integrate modern communication and network technology with vehicles, enabling information sharing and collaborative control between vehicles and external nodes, in order to achieve safe, orderly, efficient, and energy-saving driving of vehicles
“ICEV(s)”	Internal Combustion Engine Vehicle(s), traditional internal combustion engine vehicles rely entirely on fossil fuels as their energy source, with internal combustion engines as their propulsion devices
“L2”	level of driving automation, Level 2 refers to partial automation that provides steering and brake/acceleration function

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## GLOSSARY OF TECHNICAL TERMS

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“L3”	level of driving automation, Level 3 refers to conditional automation with system driving under conditions, but driver is required to take over when requested
“infotainment systems”	a collection of hardware and software in automobiles that provides audio or video entertainment
“IT”	information technology
“large language model”	an intelligent computer algorithm that uses deep learning techniques and massively large data sets to understand, summarise, generate and predict new content
“large-scale model”	artificial intelligence models with a vast number of parameters and complex structures, capable of handling and learning from large volumes of data to perform various complex tasks such as natural language processing, image recognition, speech recognition. These models often require substantial computational resources for training and operation
“leads services”	services provided by specialised companies or platforms utilising digital marketing, lead capture forms, and data mining to identify potential customers interested in specific products. These services include various types of leads, such as in-store leads, repair leads, and renewal leads, which assist businesses, including 4S stores, in securing business opportunities, expanding their clientele, and boosting sales. Through leads services, users are able to achieve precise targeting of customers and detailed market analysis, thereby enhancing business engagement and maximising sales
“new energy vehicle” or “NEV”	plug-in electric vehicles that may be eligible for public subsidies, and includes only battery electric vehicles (BEVs), plug-in hybrid electric vehicles (PHEVs) and fuel cell electric vehicles (FCEV)
“MPS”	the Ministry of Public Security
“OA”	office automation



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## GLOSSARY OF TECHNICAL TERMS

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"OBM"	original brand manufacturer, a company that designs, produces, and sells products under its own brand name
"OEM"	original equipment manufacturer, in the automotive industry, it refers to automotive manufacturer
"passenger vehicle"	motor vehicle used for carrying passengers
"PHEV"	plug-in hybrid electric vehicle, a vehicle equipped with an internal combustion engine, electric motor, and battery, and can be charged through both internal and external power sources. These type of vehicles can operate in pure electric mode or in hybrid mode, where the engine and electric motor work together
"private domain traffic" or "private domain data"	a marketing term denoting customer resources belonging to a business that have one or more of the following characteristics: (i) data can be reused many times by merchants or enterprises; (ii) is free; (iii) can reach the precise group of users at any time, and (iv) allowing the business to communicate and manage their users directly
"public domain traffic" or "public domain data"	a marketing term denoting customer resources on various portals, APPs and new media platforms. These customer resources belong to these APPs and platforms and may not be accessible by individual businesses directly. On these APPs and platforms, merchants or enterprises may market their products and services for free, or may be required to pay fees for accessing such customer resources and/or to conduct sales and marketing
"SaaS"	software-as-a-service, a software delivery model in which software is accessed on the web rather than installation through local deployment
"safety system"	a collection of hardware and software in automobiles that reduces the likelihood and severity of traffic collisions
"SCRM"	social customer relationship management

## GLOSSARY OF TECHNICAL TERMS

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“SDK”	software development kit, a comprehensive toolkit, often provided by the original developers or third-party service providers, designed to facilitate the implementation of specific functionalities within a software product. It equips software engineers with the necessary tools, libraries, and documentation to develop application software tailored to various software packages, frameworks, hardware platforms and operating systems
“SOP”	standard operating procedure
“UBI”	an insurance model that utilises telematics to providing market pricing support, where insurance companies gathers consumer data from either its proprietary or third party ecosystem, identify the consumer’s needs, and apply analytics to create customised, scenario-based insurance products and to address those needs. Under this model, insurance companies may also process claims with automation technology
“WeCom”	(企業微信) a communication platform developed by Tencent that allows communication between a corporate and users of the Weixin (微信) platform

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## FORWARD-LOOKING STATEMENTS

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This document contains certain statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements may be identified by the use of forward-looking terminology, including the terms “believe(s)”, “aim(s)”, “estimate(s)”, “plan(s)”, “project(s)”, “anticipate(s)”, “expect(s)”, “going forward”, “intend(s)”, “may”, “might”, “seek(s)”, “can”, “could”, “ought to”, “potential”, “will” or “should” or similar expressions, or, in each case, their negative or other variations, or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. In particular, references to “estimate(s)” only refer to situations where best estimates have been adopted by the management. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include, but are not limited to, statements regarding our intentions, beliefs or current expectations concerning, among other things, our business, results of operations, financial position, liquidity, prospects, growth, strategies and the industries and markets in which we operate or may operate in the future.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance or the actual results of our operations, financial position and liquidity. The development of the markets and the industries in which we operate may differ materially from the description or implication suggested by the forward-looking statements contained in this document. In addition, even if our results of operations, financial position and liquidity as well as the development of the markets and the industries in which we operate are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. A number of risks, uncertainties and other factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation:

- our operations and business prospects;
- our ability to maintain and enhance our market position;
- the effects of competition in the industries or markets we operate and its potential impact on our business;
- developments in, or changes to, laws, regulations, governmental policies, taxation or accounting standards or practices affecting our operations, especially those related to the operation of our business;
- general political and global economic conditions, especially those related to the PRC, and macro- economic measures taken by the PRC Government to manage economic growth;

## FORWARD-LOOKING STATEMENTS

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- our ability to successfully implement any of our business strategies, plans, objectives and goals;
- our ability to expand and manage our business operations;
- our ability to obtain or extend the terms of the licences and leases necessary for the operation of our business;
- changes to our expansion plans and estimated capital expenditures;
- adverse changes or developments in the industries in which we operate;
- fluctuations in inflation, interest rates and exchange rates;
- changes in the availability of, or new requirements, for financing; and
- our success in accurately identifying future risks to our business and managing the risks of the aforementioned factors.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this document reflect our management's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions. Investors should specifically consider the factors identified in this document, which could cause actual results to differ, before making any investment decision. Subject to the requirements of the Listing Rules and except as may be required by applicable law, we undertake no obligation to revise any forward-looking statements that appear in this document to reflect any change in our expectations, or any events or circumstances, that may occur or arise after the date of this document. All forward-looking statements in this document are qualified by reference to this cautionary statement.

## RISK FACTORS

*An investment in the Shares involves various risks. You should consider carefully all the information set out in this document and, in particular, the risks described below before making an investment in the Shares. The occurrence of any of the following events could materially and adversely affect our reputation, business, financial position, results of operations and/or prospects. If any of these events occurs, the [REDACTED] price of the Shares could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.*

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorised into (i) risks relating to our business and industry; (ii) risks relating to conducting our business in the PRC; (iii) risk relating to our corporate structure and contractual arrangements; and (iv) risks relating to the [REDACTED].

### **RISKS RELATING TO OUR BUSINESS AND INDUSTRY**

**Our success depends on the size of the automotive aftermarket in the PRC for products and services.**

Demand for our sales of in-vehicle hardware products and SaaS marketing and management services depends to a large extent the size of the automotive aftermarket industry in the PRC and its growth in demand for our products and services, which in turn depends on various factors that are out of our control, including:

- PRC's overall economic growth;
- the disposable income of the PRC population;
- car parc in the PRC;
- PRC governmental policies relating to private automobile ownership, including quotas, taxes, incentives (or disincentives);
- deterioration of general economic conditions, as economic downturns would tend to cause motorists to limit their spending on their cars, which in turn will affect the spending by auto dealerships, 4S stores, channel partners and automotive OEM's spending on marketing and on aftermarket services;

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## RISK FACTORS

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- the ability of OEMs and service providers in the PRC automotive aftermarket service industry to create interest of customers and car users in, among other things, in-vehicle hardware products and services that are made available through in-vehicle and value-added offerings to car users; and
- the efforts that are put into promoting and developing our sales of in-vehicle hardware products business and SaaS marketing and management services.

According to the CIC Report, the market size of the Chinese automotive aftermarket industry grew at a CAGR of 8.1% between 2019 and 2023 to reach RMB5.2 trillion in 2023. Given the outlook based on the Chinese economy and increasing car parc of passenger vehicles, the market size of the automotive aftermarket industry is expected to reach RMB9.1 trillion in 2028, representing a CAGR of 11.8% between 2023 and 2028. If the growth of the automotive aftermarket industry or the demand for in-vehicle hardware products and SaaS marketing and management services in the PRC stagnates, the demand for our products and services would be negatively affected, in which case our business, financial condition, results of operations, and prospects may be materially and adversely affected.

### **Failure to effectively navigate and capitalise on ICEV and NEV industry trends could negatively impact our financial performance and prospects.**

During the Track Record Period, our in-vehicle hardware products were mainly installed into ICEVs. However, the automotive industry is experiencing rapid transformations driven by technological advancements and evolving consumer preferences. Of particular significance is the shift towards NEVs, such as electric and hybrid vehicles, over traditional ICEVs. This trend is influenced by various factors, including environmental concerns, government policies promoting cleaner transportation, and advancements in battery technology that improve the range and performance of NEVs.

We face the risk of market dynamics favoring NEVs over ICEVs. This shift in consumer demand could lead to a decline in sales and profitability of our in-vehicle hardware products, which are mainly installed into ICEVs. Government regulations and subsidy policies that incentivise the adoption of NEVs may accelerate this transition. Ongoing advancements in battery technology and infrastructure development for electric vehicles could further drive the popularity of NEVs. Furthermore, the competitive landscape within the NEV segment is intensifying, with both established automotive manufacturers and new entrants focusing heavily on NEV production. This increased competition may result in pricing pressures and challenges in maintaining or growing our market share.

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## RISK FACTORS

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While we are expanding our business to cooperate with NEV OEMs and developing a marketing system providing marketing tools to participants in NEV industry, our in-vehicle hardware products were mainly installed into ICEVs during the Track Record Period. Failure to effectively anticipate and respond to these industry trends, including the adoption of strategies to capitalise on the growing NEV market while managing potential impacts on our business, could have adverse effects on our financial performance and prospects.

**While ICEVs are expected to continue occupying a significant portion of the automotive aftermarket, our business faces risks from slow market growth, competition from OEMs, and dependence on specific OEMs, and brands which may have adverse impact on the market demand of our products.**

In the evolving landscape of the automotive industry, our in-vehicle hardware products have been primarily installed in ICEVs, particularly those manufactured by joint-venture OEMs between multinational brands and domestic brands. However, while ICEVs are expected to maintain a significant presence in the automotive aftermarket, several factors exist that would pose risks to our revenue streams.

For example, despite the dominance of ICEVs in the passenger car parc, the overall market for in-vehicle hardware products is projected to grow at a modest rate. This slow-paced growth, coupled with the highly fragmented nature of the market, presents challenges to our revenue growth potential. Moreover, our focus on joint-venture OEMs between multinational brands and domestic brands and domestic brand OEMs within the automotive market exposes us to risks associated with shifts in market dynamics or disruptions among these manufacturers. Any changes in the preferences or strategies of these OEMs could impact our sales and financial performance. Additionally, we face competition from OEMs who sell vehicles equipped with integrated hardware solutions. These OEMs not only offer standalone in-vehicle hardware products but also provide vehicles pre-fitted with advanced hardware solutions. This direct sales approach from OEMs adds another layer of competition, potentially leading to a decrease in the market size of in-vehicle hardware sales in the longer term.

While ICEVs are expected to continue occupying a significant portion of the automotive aftermarket, our business faces risks from slow market growth, competition from OEMs, and dependence on specific OEMs and brands. Navigating these challenges effectively will be crucial for sustaining our revenue growth and market position in the future, and our failure in doing so may have adverse impact on the market demand of our products, which could have adverse effects on our financial performance and prospects.

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## RISK FACTORS

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**Demand for our services primarily depends on our ability to innovate, adapt and respond timely and effectively to rapidly changing technologies and market trends in the automotive aftermarket industry. If we fail to continue innovating or keep pace with technological developments or developing market trends, our business may be materially and adversely affected.**

The Internet and the automotive aftermarket industry are rapidly evolving and are undergoing continuous technological development, and we operate in an industry that is subject to rapidly changing demands from industry participants and the ultimate end-users. Our success depends on the acceptance by both industry participants and ultimate end-users of our products and services.

During the Track Record Period, we provided in-vehicle hardware products and SaaS marketing and management services, covering SaaS subscription services and SaaS value-added services, to achieve the enhancement of marketing and management capability and efficiency. We believe that our success during Track Record Period has depended on, and our future success will depend in part on, among other things, our ability to enhance and integrate our existing products, services and to introduce new, competitively priced products and services with features that meet the evolving technological developments and requirements of 4S stores, the evolving trend of the industry and our customers' and ultimate end-users' needs, all in a timely and cost-effective manner.

To maintain demand for our products and services, we must therefore continue to develop and promote new products and services to address the evolving automotive aftermarket in order to maintain our competitive positioning. We cannot guarantee to you that we will continue to be able to leverage new technologies effectively or adapt our products and services to meet the evolving customer needs or new industry standards (if any). If we fail to do so in an effective and timely manner, we may lose our current customer base and may not capture the interest of prospective customers, and our business, financial condition, results of operations, and prospects may be materially and adversely affected.

Furthermore, changes in the automotive aftermarket industry landscape such as innovations in NEVs or new business models adopted by the OEMs and other participants in the automotive aftermarket industry may require substantial investments by us in developing product and services and their business models, establishing new IT infrastructure, performing sales and marketing, distribution of our products and services and other aspects of our operations. Our efforts may not be successful due to a variety of reasons, including but not limited to technical hurdles, inaccurate predictions of market demand, a lack of necessary resources or delays in launching our new products or services. Failure to keep up with technological development or new business models of the automotive aftermarket industry or the changing requirements of our customer base may result in our services being less attractive to existing customer base or prospective customers, which in turn may materially and adversely affect our business, results of operations, financial condition and prospects.



## RISK FACTORS

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If we are not able to effectively and efficiently develop and commercialise our products and services as planned, we may not be able to grow our business and generate revenue from sales of our product candidates as anticipated, in which case, our business operations, financial condition and prospects may subsequently be materially and adversely affected.

**We face intense competition in the market that we operate in. If we fail to compete effectively, we may lose market share and our business, from both existing industry participants and potential new competitors, prospects and results of operations may be adversely affected.**

We operate as a connected services provider for players in the vertically-integrated automotive aftermarket industry, and we face intense competition from existing competitors and new entrants. Our existing and potential competitors may have greater financial, business, management, technical, marketing, customer and other resources than we do, and they may be able to invest greater resources to the development, promotion, sales and after-sales support of their own solutions to compete with us.

For example, domestic, joint venture and international OEMs (including NEV manufacturers) and other auto parts manufacturers may be much larger in terms of their business scales and the resources at their disposal (including but not limited to capital and research and development capabilities). Also, OEMs, by virtue of their position as automobile manufacturers, are well-positioned to install their own (or their appointed partners') in-vehicle hardware and associated software into new vehicles sold by them. If OEMs integrate more advanced technologies into cars manufactured and sold by them may result in reduction in demand for aftermarket products. These OEMs, which often have greater financial, technical, and marketing resources than we do, have competitive advantage over us in developing, promoting and selling their own services and products more effectively. Additionally, they can leverage their established relationships with automobile manufacturers and consumers to secure larger market shares. The increasing trend of incorporating advanced technology by OEMs can result in heightened competition, particularly as these manufacturers may provide products similar to ours with potentially better performance or pricing. Furthermore, other auto parts manufacturers in the aftermarket sector can also intensify competition. These competitors may offer in-vehicle hardware products that are comparable or superior in terms of quality, technology, and price. They may also engage in aggressive pricing strategies and marketing campaigns, enter into strategic alliances, and offer better terms to distributors and retailers, all of which can affect our market position and sales negatively.

As part of our business model, we focus on providing in-vehicle hardware products to consumers. However, the trend among OEMs to include advanced hardware directly in their vehicles presents a competitive challenge. OEMs may offer vehicles with pre-installed hardware that competes directly with our products. This could lead to a decrease in demand for our standalone hardware solutions as consumers may opt for

## RISK FACTORS

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the convenience and integration provided by OEMs' offerings. Additionally, OEMs typically have more resources, established distribution channels, and brand recognition, which can further intensify competition and potentially impact our market share and pricing power. Furthermore, OEMs' ability to bundle hardware with their vehicles as a complete package may reduce the need for aftermarket installations, impacting our sales and revenue. The increasing sophistication and integration of OEM hardware solutions could also result in higher customer adoption rates for OEM offerings, further challenging our market position.

Big international tech firms and big tech firms within the PRC's Internet sector also possess significant competitive advantages over us, including their financial and technological prowess, their know-hows relating to the automotive aftermarket, their extensive user-base and brand-name recognition, their intellectual property portfolio and their research and development abilities, any of which may allow them to quickly launch to market connected products and services in the automotive aftermarket that can effectively compete with our products and services and erode our customer base. According to the CIC Report, certain large-scale enterprises are beginning to extend their footprints into the area of customised connected services, and they may in the future become involved in our core business. We may be subject to intense competition if any of the above expands into our market segment, whether by itself or through entering into business partnerships or alliances, or if established companies from or geographical markets expand into our market segment.

Our current and potential competitors may also have deeper relationships with 4S stores and channel partners, who are part of our customer base. This enables them to develop newer services, respond more quickly to upcoming trends and technologies and to undertake more extensive marketing campaigns. Any existing or potential competitor may also choose to adopt different pricing models or lower their prices in order to increase its market share.

Our ability to remain competitive depends on our ongoing investment in research and development to ensure that our products meet the evolving demands of consumers and adhere to industry standards and regulatory requirements. However, there is no assurance that our research and development efforts will be sufficient to maintain our competitive edge or that we will successfully predict market trends and consumer preferences. We also face the risk of new market entrants who might introduce innovative products or adopt disruptive technologies that could further increase competition. Competition from our current and potential competitors could cause us to lose existing customers, lose potential sales or compel us to sell our products and services at lower prices to remain competitive, or force us to enter into partnerships on commercial terms that are not favourable to us, any of which may have a material adverse impact on our profitability and financial condition. If we are unable to compete successfully against our current or potential competitors, our business, results of operations may be materially and adversely impacted.

## RISK FACTORS

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**We store personal information belonging to our customers and car users of our SaaS systems and engage cloud service providers for storage of such information. Failure to protect sensitive personal information of our customers and users against security breaches may damage our reputation and brand and substantially harm our business and results of operations.**

One of the key focuses to our business is the secure storage of sensitive personal information and its secure transmission over public networks. In limited circumstances, we collect certain information and data, such as contact information, log-in details, IMEI (international mobile equipment identity), location directly from car users, mainly for user account registration and ongoing product support purposes.

We store personally identifiable information and other confidential information relating to our customers and car users of SaaS systems and are subject to PRC laws and regulations regarding cybersecurity, information security, privacy and data protection. For further information, see “Regulatory Overview—Regulations Relating to Internet Security and Privacy Protection”. Any defects or inappropriate contents in information or document uploaded by our customers and other users, we cannot guarantee that all substance and contents contained in information or document uploaded by our customers and other users are appropriate and will not infringe any laws or regulations relating to information security and privacy protection.

Practices regarding the collection, use, storage, transmission and security of personal information by companies operating over the Internet and mobile platforms are under increased public scrutiny. Maintaining complete security for the storage and transmission of sensitive personal information on our SaaS systems is crucial to maintaining our operating efficiency and customer confidence as well as complying with the applicable laws and standards. Advances in technology, the persistent threat from hackers, improper use or sharing of data, cryptographic failures, human errors or misconduct or other events or developments could result in compromises or breaches of the technology that we use to protect personal and/or confidential information. We may not be able to prevent third parties, especially hackers or other individuals or entities engaging in similar activities, from illegally obtaining such confidential or private information we hold. Such individuals or entities obtaining such confidential or private information may further engage in various other illegal activities using such information. Users of our SaaS systems may also violate their confidentiality obligations and disclose or use information about our customers illegally. Any compromise of our information security or the information security measures by users of our SaaS systems may have a material and adverse effect on our brand reputation of brand, business, prospects, financial condition and results of operations.

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## RISK FACTORS

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**If we fail to fulfil our obligations in respect of our contract liabilities, our business, results of operations and financial condition may be materially and adversely affected.**

Our contract liabilities mainly arise from the advance payments made by customers in connection with our sales of in-vehicle hardware products and our SaaS marketing and management services over the stipulated contract terms. Our contract liabilities amounted to RMB146.3 million, RMB116.3 million and RMB80.9 million as at 31 December 2021, 2022 and 2023, respectively. If we fail to honor our obligations in respect of our contract liabilities, we may not be able to convert such amount of contract liabilities into revenue as expected. Our liquidity position may be adversely affected if we are required to refund some or all of the prepayments to customers when disputes arise. In addition, if we fail to honor our obligations in respect of our contract liabilities, it may also adversely affect our relationship with relevant customers, which may in turn affect our reputation, as well as our results of operations in the future. As a result, our results of operations, liquidity and financial position may be materially and adversely affected.

**We are exposed to fair value changes for financial assets at fair value through profit or loss (“FVTPL”) and equity instruments at fair value through other comprehensive income (“FVTOCI”), which may be substantial and would affect our financial performance and position.**

Some of our financial assets are measured at fair value. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and level 3 inputs are unobservable inputs for the asset or liability.

We are exposed to fair value changes for financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income, which may have significant effect on our financial performance and position for future financial periods. Our financial assets at FVTPL mainly represented our investments in (i) equity securities listed on the Shanghai Stock Exchange, (ii) unlisted funds which represented a portfolio of investments managed by fund managers with most of the portfolio assets being invested in bond investments in the PRC, (iii) unlisted equity investments, and (iv) unlisted trust in the PRC during the Track Record Period. The equity instruments at FVTOCI as at 31 December 2021, 2022 and 2023 represented our 15.01% equity interests in an unlisted company established in the PRC, Aika Shangyun. During the Track Record Period, our level 2 financial assets at FVTPL amounted to RMB130.3 million, RMB138.5 million and RMB147.2 million, respectively; and our level 3 equity instrument at FVTOCI amounted to RMB14.7 million, RMB9.6 million and RMB7.8 million, respectively. Our management determines the fair value of our equity instrument at FVTOCI using market approach. Please refer to note 35 to the Accountant’s Report in

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## RISK FACTORS

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Appendix I to this document for more information about the fair value measurement of our level 2 financial assets at FVTPL and level 3 equity instrument at FVTOCI. Factors beyond our control may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these financial assets. These factors include, but not limited to, general economic condition, changes in market interest rates and stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results and cause the fair value of our financial assets to fluctuate substantially and significantly affecting our financial performance and position.

**We rely on third-party platforms and services to conduct our SaaS marketing and management services, and any interruptions or delays in such platforms and services due to third-parties or our own failure may result in interruptions in our services and impair our customers' experience.**

Currently, all of our cloud-based services and software products and services to conduct our SaaS marketing and management services, the linkages of which are premised on a third-party cloud platform. In addition, like many other cloud-based services providers in our industry, we also procure other generic IT services (such as data storage) from third-party vendors. During the Track Record Period, the cost we paid to third party platforms and services amounted to RMB1.1 million, RMB1.4 million and RMB1.1 million, respectively, which represented lower than 8% of our research and development expenses for each year during the Track Record Period.

We do not control the operations of third-party computing platforms. These platforms and services may not continue to be available to us on commercially reasonable terms, if at all. Also, services provided to our customers may be adversely affected if there are service interruptions of these platforms, or if performance of the third party computing platform services providers proves to be unsatisfactory, or if any of them does not honour its contractual obligations to us. Moreover, the financial condition of and regulatory environment governing our third party computing platform services providers may deteriorate over the course of our contract term, which may also impact the ability of such providers to continue providing their services to us.

If we are forced to cease using any of these platforms or services, we may be forced to migrate our services to other service provider(s) and/or take other remedial actions, and this could result in a delay or disruption in our services until equivalent services are provided to us by the new service provider(s), or obtained from another third party; such remedial action, even if successfully integrated with our services, may lead to significant increase in our expenses or cause disruption to our services. It may be costly and time-consuming to migrate from our pre-existing service providers' platform to other service providers and/or develop equivalent capability in-house, and there can be no guarantee that such migration and/or development will not disrupt our business operations or be successful. If we lose (even temporarily) access to such third-party computing platforms and services, our reputation, business, financial position, results of operations or prospects would be materially and adversely affected.

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## RISK FACTORS

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In addition, any damage to or failure of internal or external systems, including our internal information technology system and systems of our third-party service providers and telecommunications networks, could result in interruptions or suspension in our services. In the event that service interruptions or suspensions occur, our customers may bring claims against us and we may have to issue credits to them or compensate them by other means. Our customers or potential customers may also get an impression that our products and services are unreliable, and frequent interruptions could frustrate end users of our products and services and discourage them from using our products or services. As a result, our reputation may be harmed, making it harder for us to retain our existing customers or to attract new customers.

**Any discontinuation, reduction or delay of government grants that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.**

During the Track Record Period, we recognised government grants of RMB1.7 million, RMB1.7 million and RMB0.7 million, respectively. Government grants during the Track Record Period mainly represented the government subsidies recognised by our Group primarily in support of the research and development and equipment of our Group's technology in the industry. There were no unfulfilled conditions or contingencies relating to the government grants. The timing, amounts and conditions of these government grants were within the sole discretion of the government and these government grants may be reviewed and assessed by the government periodically and may fluctuate from time to time pursuant to the changes in policies, which we may have no control or influence over.

We also received refund of PRC value-added tax and surcharges which represents refund of certain VAT payments pursuant to the preferential government policies, of which our Group's softwares that are embedded into our in-vehicle hardware were eligible for a certain percentage of refunds based on the actual VAT paid. There is no guarantee that we will continue receiving or benefiting from such policies (or similar policies) in the future. We may be required to satisfy certain conditions or contractual obligations before recognising government grants. However, there can be no assurance that we will be able to fully satisfy these conditions or perform such obligations, and it may be possible that governmental authorities may discontinue such grants, or require us to repay part or all of the government grants we previously received.

Such government grants may be adjusted or revoked at any time in the future at the relevant government authorities' discretion. There is no assurance that we could continue to be able to meet the requirements to be entitled to such government grants. There can further be no assurance that the government grants that we currently enjoy will not be challenged, altered or discontinued. Any alteration, suspension or termination of our government grants could have a material adverse effect on our business, financial condition, results of operations, cash flows, profitability and prospects.

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## RISK FACTORS

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**Our business is subject to complex and evolving laws and regulations regarding cybersecurity, privacy, protection and information security in China. Any privacy or data security breach or failure to comply with these laws and regulations could damage our reputation and brand and substantially harm our business and results of operations.**

We face risks inherent in handling and protecting data, including protecting the data in our system, detecting and prohibiting unauthorised data share and transfer, preventing attacks on our system by outside parties or fraudulent behaviour or improper use by our employees, and maintaining and updating our database and our algorithms. Any system failure, security breach, third-party attacks or attempts to illegally obtain the data that results in any actual or perceived release of user data could damage our reputation and brand, deter current and potential customers from using our services, negatively affect our business, and expose us to potential legal liability.

Personally identifiable and other confidential information is increasingly subject to legislation and regulations in China and numerous foreign jurisdictions. The PRC governmental authorities have enacted a series of laws and regulations relating to the protection of personal information and/or the supervision over data processing activities, under which relevant information or data processors are required to comply with an array of personal information and data protection requirements, including for example, to clearly indicate the purposes, methods and scope of any information collection and usage, to obtain appropriate user consent and to establish user information protection systems with appropriate remedial measures. However, this regulatory framework for privacy issues in China and worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Furthermore, the PRC government has taken steps to limit the method and manner that the Internet companies may apply when using user data.

Any failure, or perceived failure, by us, or by our employees or partners, to maintain the security of our user data or to comply with applicable PRC or foreign privacy, data security and personal information protection laws, regulations, policies, contractual provisions, industry requirements and other requirements may result in civil or regulatory liability, including governmental or data protection authority enforcement actions and investigations, fines, penalties, enforcement orders requiring us to cease operating in a certain way or cease to become [REDACTED], revoking our business permits or business licences, litigation or adverse publicity, and may require us to expend significant resources in responding to and defending allegations and claims. Furthermore, claims or allegations that we have failed to adequately protect our users' data, or otherwise violated applicable privacy and data security laws, regulations, policies, contractual provisions, industry standards or other requirements, may result in damage to our reputation and a loss of confidence in us by our customers or end-users of our products and services, potentially causing us to lose customers and revenues, which could have a material adverse effect on our business, reputation, financial condition and results of operations. In addition, we do not regularly monitor or review content uploaded and stored by our customers. Therefore, we do not control the substance of the content on our servers, which may include personal information. We

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cannot assure you that third parties will not succeed in their attempts to obtain unauthorised access to any personally information relating to the customers of our customers. Such information may also be exposed through human errors or other malfeasance. Any unauthorised access of such personally information or any compromise of our system security could have an adverse effect on our business, financial condition and results of operations.

On 7 July 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which became effective on 1 September 2022. The said measures require that any data processor which processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information abroad. The security assessment requirement also applies to any transfer of important data outside of China. Even though we have entered into legally binding non-disclosure agreements with them, as uncertainties remain regarding to what extent we would be subject to such measures, we cannot assure you that we will be able to comply with such regulations in all respects, and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities.

In addition to laws, regulations and other applicable rules regarding privacy and privacy advocacy, industry groups or other private parties may propose new and different privacy standards. We cannot assure you that our existing privacy and personal protection system and technical measures will always be considered sufficient under applicable laws, regulations and other privacy standards that may be in place from time to time. We could be adversely affected if legislation or regulations in the PRC are expanded to require changes in business practices or privacy policies differently. We may also be subject to additional regulations, laws and policies adopted by the PRC government to apply more stringent social and ethical standards in data privacy resulting from the increased global focus on this area.

Besides, the PRC regulatory environment with regard to data security is evolving and may be subject to different interpretations or significant changes. For example, the Cybersecurity Review Measures (《網絡安全審查辦法》) set out the mandatory requirement of cybersecurity review for network platform operators which possesses personal information of more than one million users when applying for a listing abroad. And pursuant to the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》), a data processor seeking to list in Hong Kong which affects or may affect national security is required to apply for a cybersecurity review under relevant rules and regulations. If the Cybersecurity Review Measures and the enacted version of the Regulations on the Administration of Cyber Data Security (Draft for Comments) mandate clearance of cybersecurity review and other specific actions to be taken by [REDACTED] like us, we may face uncertainties as to whether these additional procedures can be completed by us timely, or at all, which may subject us to government enforcement actions and investigations, fines, penalties, or suspension of our non-compliant operations, and materially and adversely affect our business and results of operations.



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The regulatory environment on data privacy and security in China is relatively new and relevant laws, regulations and standards may be subject to amendments from time to time. We cannot assure you that such amendments of regulations, and standards, and their interpretation or implementation will not cause us to be negatively affected. We may be subject to investigations and inspections by government authorities regarding our compliance with relevant laws and regulations. Any inability to comply with applicable data security and privacy laws, regulations and standards could result in additional cost and liability for us, damage our reputation, and materially adversely affect our business, result of operations, financial condition and future prospects.

**Our business is highly dependent on the proper functioning and improvement of our IT systems and infrastructure. If we experience any breakdown in our IT systems or infrastructure, our financial condition and results of operations may be materially and adversely affected.**

Our business is dependent on the continuing operation and timely enhancement of our network infrastructure and IT systems to process large amounts of information, data and leads. However, we cannot guarantee that access to our software will not be interrupted, and will be error-free or secure. Any of platforms and telecommunications networks that we operate on may be vulnerable to man-made or natural disasters, such as attack by hackers, computer viruses and other types of malicious software, software bugs, security vulnerabilities, earthquakes, floods and fires, power loss, telecommunication failures or similar events. The facilities housing these platforms or networks may also be subject to break-ins, vandalism and destruction as well as local administrative actions, changes to legal or regulatory requirements and litigation proceedings to halt, limit or delay operations. Any precautionary measures that may be taken may not be effective (or at all), and any man-made or natural disasters, destruction, decision to close down the platforms without adequate notice or other unanticipated events at these platforms could result in prolonged interruptions in our services.

In order to improve our reputation and service quality, we must periodically introduce new products and services and update them from time-to-time in order to meet evolving user and customer demands and remain competitive in the market. We may however experience problems when we first introduce a new product or service to the market, or when we test and launch our system upgrades or enhancements, during which we may encounter undetected programming errors which could adversely affect our software performance. As such, we may incur significant costs to protect our systems against such threats and repair any damage caused as soon as possible, which may adversely affect our financial condition and results of operations.

In the event of a partial or complete breakdown of any of our facilities, including our computer systems, platforms and telecommunication networks that we operate on, or experience any disruption or failure, our business activities would be materially disrupted as would have no access to alternative networks and services on a timely basis, if at all. In addition, a prolonged failure of our IT system could damage our

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## RISK FACTORS

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business operations and materially and adversely affect our future prospects and profitability. Where we experience any disruptions to our facilities which may be caused by failure in our systems or by our third party service providers, our services may be interrupted, delayed or even cease entirely. We may also permanently lose all the data that has been uploaded to our data centres. As such, our users and business partners may decide to switch to our competitors instead, which would materially and adversely affect our business, financial condition and results of operations.

**Due to our limited history of providing SaaS marketing and management services, our ability to accurately forecast our future operating results and prospects is limited and subject to a number of uncertainties.**

We started to develop our Dijia SaaS in 2018 and have increased our focus on delivering SaaS value-added services since March 2021. We experience significant growth in our revenue and profitability for FY2022 mainly due to the increase in revenue from SaaS value-added services and the expansion in number of 4S store customers. Our revenue from SaaS value-added services had grown significantly during the Track Record Period, and this revenue was RMB9.3 million for FY2021, comprising 2.9% of our total revenue, and it increased significantly to RMB110.9 million for FY2022, accounting for 26.8% of our total revenue and further increased to RMB199.9 million, representing 35.7% of our total revenue. While our profit from SaaS marketing and management services and SaaS value added services have grown during the Track Record Period, as a result of our limited history of providing such services with the support of our experience in sales of in-vehicle hardware products, our ability to accurately forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. We face various challenges and uncertainties, including the fact that we operate in new and developing markets and elements of our business strategy are new and subject to ongoing development. As a result, it may not be possible to fully discern the challenges in commercialisation that we and our business are subject to.

We cannot assure you that we will be able to achieve similar results or grow at the same rate as we had in the past or at all. Rather than relying on our historical operating and financial results to evaluate us, you should consider our business prospects in light of the risks and difficulties we may encounter as an early stage company operating in emerging and dynamic industries, including, among other things, our ability to attract and retain customers, our ability to create value for different stakeholders engaged in our business and operations and increase monetisation, our ability to navigate an evolving regulatory environment, our ability to develop attractive SaaS products and SaaS value-added services and offer satisfactory services, build up our reputation and promote our brand, and our ability to anticipate and adapt to changing market conditions. We may not be able to successfully address these risks and difficulties to sustain the growth of our revenue and profitability and we may fail to secure recurring business from our 4S store customers, which could significantly harm our business, results of operations and financial condition.

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**Any quality issues related to our products or services could result in a loss of customers and sales and, if related to our products or services, may subject us to product liability claims.**

The success of our business depends on our ability to consistently deliver products and services that our customers demand with high quality and reliability. Maintaining consistent product and service quality depends significantly on the effectiveness of our quality control systems, which in turn depends on a number of factors, including the design of our quality control system and our ability to ensure that our employees and other third parties involved in our operations adhere to those quality control policies and guidelines.

We cannot assure you that our quality control systems will prove to be effective at all times or at all, or that we can identify any shortcomings in our quality control systems in a timely manner. If the quality of any of our products or services is unsatisfactory for any reason, or if our customers and end users do not perceive our products or services to provide the services or benefits as claimed, we may be faced with returns of our products or cancellations of our services or subscriptions, receiving customer complaints or claims, losing business from potential customers or becoming the subject of governmental administrative actions. For example, we had an incident of non-compliance on Product Quality Law of the PRC (《中華人民共和國產品質量法》) as one of our in-vehicle hardware products was found to be not in compliance with a national standard in 2021. For further details of this non-compliance incident, please refer to the sections headed “Business—Quality Control” and “Business—Legal Proceedings and Compliance—Non-compliance incident in relation to the Product Quality Law” in this document.

Moreover, some of our products are installed or used in motor vehicles and some of our services are used by drivers and passengers of motor vehicles, and if any defect or adverse effect of our products or services results in property damage or personal injury, we may suffer from product liability claims or product recalls, resulting in financial and reputational damages. These legal claims may be expensive for us to defend even if we prevail in the end.

Furthermore, if there is a pattern of quality issues in our in-vehicle hardware products or automotive aftermarket industry in general, car users’ and other customers’ perception of, and willingness to purchase, our products and subscribe to our products and services may also be negatively affected, regardless of whether such quality issues relate to us. Any quality issues related to our products or services that we provide, whether actual or perceived, may have a material and adverse effect on our business, financial condition, results of operations and prospects, and our customers may seek significant compensation from us for any losses they suffer in using our products or services.

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## RISK FACTORS

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**We may be unable to successfully implement our future business plans and business strategies. Our research and development efforts may not yield the results as expected.**

We strive to achieve sustainable growth and further strengthen our competitiveness in the automotive aftermarket industry by enhancing our R&D capabilities, increasing our marketing efforts and broadening our offerings to other participants along the automotive industry chain as further described in the section headed “Business—Our Strategies”. Successful implementation of our business plans will be key for us to achieve our development goals. Nonetheless, our business plans and strategies (and hence our prospects) are based on assumptions of future events which may entail certain risks and are inherently subject to uncertainties. These assumptions may not be correct, and there may be unforeseen change in circumstances such as change in market conditions, evolution of technology or change in laws and regulations. Our future business plans will also require us to invest into hiring technical and sales and marketing personnel, and also devote significant efforts into developing new products and solutions for the automotive industry. During the Track Record Period, we have invested into research and development of new solutions and products, and our research and development expenses were RMB16.8 million, RMB17.0 million and RMB18.1 million, respectively. Our efforts to market our new solutions and products to industry participants may not be successful, new solutions and products that we offer may not be well-accepted by our customers, and such products and services may not achieve intended results. Furthermore, there may be other unexpected events or factors that prevent us from achieving positive results in accordance with our business plans and strategies which could affect the commercial viability of our business plans and strategies. As such, there can be no assurance that our business plans and strategies will be implemented successfully as scheduled or at all.

If we fail to implement our business plans and strategies effectively and efficiently, we may be unable to expand our operations, manage our growth, take advantage of market opportunities or remain competitive in the industry. Our plan to expand our business scale, including but not limited to our efforts to expand along the automotive industry chain and our plan to recruit technical and sales and marketing talents may put a financial burden on us as we implement our business plan, increasing our cost base and negatively impacting our profit margins. Further, if our R&D or marketing efforts are not successful, or if we fail to introduce new products and services in a timely and cost-effective manner, our ability to attract and retain customers may be impaired and we may lose our competitiveness. In such case, our business, financial condition, results of operations and growth prospects may be materially and adversely affected.

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**The success of our business is dependent upon our ability to maintain and expand our customer base and our cooperation with channel partners to market and promote our products and services. If we fail to maintain our relationship with these customers or if our products or services do not gain market acceptance or fail to maintain and grow our customer base, our business growth may not be sustainable.**

We rely on our customers such as 4S stores and channel partners to market, sell and implement our in-vehicle hardware products and SaaS marketing and management services. For the year ended 31 December 2023, we have transacted and collaborated with over 3,600 4S stores across China while we have also cooperated with over 200 channel partners. Our revenue attributable to 4S store customers and channel partners has shown a steady increase over the Track Record Period. Revenue from our 4S store customers using our SaaS marketing and management services amounted to RMB123.7 million in FY2021, growing to RMB 219.4 million in FY2022, and further increasing to RMB313.9 million in FY2023. Our sales through channel partners contributed RMB78.6 million, RMB90.6 million and RMB116.8 million for the year ended 31 December 2021, 2022 and 2023, respectively, representing approximately 20% of our total revenue for each year during the Track Record Period. Working with our channel partners enables us to scale up our presence in regional markets at lower customer acquisition costs. Therefore, we believe that maintaining stable relationships with 4S stores and channel partners is critical to maintain our market position and to maintain to our revenue growth.

Our customers may cease, or reduce their usage of our products and services due to a variety of reasons or factors, such as progress in technology that makes our products and services obsolete, a decrease in the quality of our products and services, rising raw material prices, and shortage of raw materials, which are outside our or our customers’ control. If a significant number of our customers or end users cease using, or reduce their usage of, our products and services, we may be required to spend significantly more on sales and marketing than we currently plan to spend in order to maintain or increase revenue. These additional expenditures could adversely affect our business, results of operations, and financial condition.

**We derive a significant portion of our revenue from Customer A, and any decrease or loss of business with Customer A could adversely affect our revenue, operating results, financial condition and business prospects.**

During the Track Record Period, our revenue derived from sales to our largest customer throughout the Track Record Period, being Customer A, amounted to RMB103.3 million, RMB90.2 million and RMB106.5 million, respectively, representing approximately 31.6%, 21.8% and 19.0% of our total revenue for the corresponding period. For further information about our largest customer, please refer to the section headed “Business—Sales and Marketing—Our customers—Relationship with Customer A during the Track Record Period”. We have maintained a business relationship with Customer A for over ten years but we cannot assure you that we will be able to continue

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to provide in-vehicle hardware products and SaaS marketing and management services to it at current level on similar terms, or at all. We are continuing with our cooperation with Customer A, but in the event that we are unable to maintain our relationship with Customer A, or Customer A significantly reduces its purchases from us, or that they exploit their comparably superior bargaining position in negotiating its terms of agreement with us, we may not be able to compensate for such loss through finding new customers or increasing our sales to our other customers, in which case our revenue, operating results, financial condition and business prospects would be materially and adversely affected.

**There may be cannibalisation within our channel partners and our channel partners may accumulate excessive or obsolescent inventory and any excessive build-up of inventory which could affect the volume of future orders from our channel partners.**

Our distribution strategy involves sales of our products to channel partners. During Track Record Period, the revenue derived from our sales to our channel partners amounted to RMB78.6 million, RMB90.6 million and RMB116.8 million, respectively, represented approximately 20% of our total revenue for each year during the Track Record Period. However, our channel partners may face challenges in accurately forecasting demand, leading to potential issues such as excess inventory, which can result in obsolescence or markdowns, or insufficient inventory, leading to missed sales opportunities. Additionally, the introduction of new products or updates to existing ones could lead to cannibalisation within our sales channels. This occurs when newer products compete with or replace sales of older versions or similar products, potentially impacting revenue streams and complicating product life cycle management. For further details of our channel partners, please refer to “Business—Sales and Marketing—Sales channels—Sales to channel partners” in this document.

The reduction in future orders from our channel partners or returns of products could have a material adverse impact on our sales to them and, accordingly, to our business, financial condition, results of operations and prospects.

**Our operating results are subject to seasonal fluctuations.**

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations. We have historically experienced relatively lower revenue during the first quarter of a year, which represented approximately 10% to 20% of the total revenue in FY2022 and FY2023, mainly due to Chinese Lunar New Year, and relatively higher revenue in the fourth quarter of a year which generally represented approximately 20% to 40% of the total revenue of the year for each year during the Track Record Period, mainly due to increasing spending or purchasing by customers for SaaS subscription and SaaS value-added products and services as a result of a high concentration of festive seasons and other marketing campaigns. As a result, our revenues may vary from quarter to quarter, while our revenues and cash flows may vary

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within a fiscal year. While we believe that this seasonality will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date on an annualised basis. As such, historical patterns in our business may not be a reliable indicator of our future performance, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations.

**Our provisions for impairment of trade receivables may not be adequate to cover future credit losses.**

We make provisions for impairment of trade receivables on a forward-looking basis and provides for expected lifetime losses prescribed by IFRS 9. During the Track Record Period, we recorded impairment losses recognised under expected credit loss model of RMB0.1 million, RMB0.5 million and RMB1.6 million, respectively. As our provisions for impairment of trade receivables require judgement and estimation, our allowance for provisions for impairment of trade receivables may not be adequate to cover future credit losses in our business operation. If adverse changes occur to the PRC economy or if other events adversely affect our customers, industries or market, we may need to make additional provisions for impairment of trade receivables, which could significantly reduce our profit and may adversely affect our financial condition, results of operations and growth prospects.

**We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our business, financial condition and results of operations. Our business has been and may continue to be adversely affected by the COVID-19 pandemic.**

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. In March 2020, the World Health Organization characterised the COVID-19 outbreak as a global pandemic. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. The COVID-19 outbreak had made unprecedented impact on the global economy as it had significantly reduced market liquidity and depressed economic activities. During the COVID-19 outbreak, our business was negatively affected due to the reduced demand in the automotive aftermarket industry generally and the cost savings measures implemented by some of our customers, which had an impact on our results of operation. The COVID-19 outbreak has caused and may continue to cause a long-term adverse impact on the economy and social conditions in the affected countries, which may have an indirect impact on our industry and shortage of labour and raw materials, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

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### **Any failure to protect our trade secrets or intellectual property could harm our business and competitive position.**

Our proprietary technologies, data analysis and lead generation algorithms are our trade secrets and we regard our trademarks, copyrights, patents, domain names, knowhow and similar intellectual property to be critical to our success. We rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete agreements with our employees, to protect our intellectual properties and trade secrets. However, laws and contractual arrangements may not adequately protect our rights, and the functionality of our in-vehicle hardware products and SaaS marketing and management services software might be reproduced and our source code might be copied. In addition, our trade secrets or intellectual property rights could be challenged, invalidated, circumvented or misappropriated. For instance, we cannot guarantee that we can successfully protect our trade secrets from leakage or intellectual property and exclusive rights from unauthorised usage by third parties or breach of confidentiality obligations by our counterparties. It may bring uncertainty to protect our trade secrets or to register, maintain and enforce intellectual property rights since statutory laws and regulations are also subject to judicial interpretation and enforcement. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, it may bring uncertainty for us to effectively protect our intellectual property rights or to enforce our contractual rights. Policing any unauthorised use of our intellectual property may be difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property.

In the event that we resort to litigation to enforce our intellectual property rights or to protect our trade secrets from leakage, such litigation could result in substantial costs and a diversion of our management and financial resources, and litigation on intellectual property rights could put our intellectual property at risk of being invalidated or narrowed in scope. We can provide no assurance that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our trade secrets or intellectual property rights could have a material adverse effect on our business, financial condition and prospects.

### **Supply chain shortages and interruptions, fluctuations in prices and our relationship with suppliers could adversely affect our operations.**

We are dependent upon frequent deliveries of hardware, products and supplies that meet our technical and quality specifications. Shortages or interruptions in the supply caused by unanticipated demand, problems in production or distribution, acts of terrorism, financial or other difficulties of suppliers, labour actions, inclement weather, natural disasters such as floods, drought and hurricanes, outbreak of disease, including



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COVID-19 and other epidemics and pandemics, or other conditions could adversely affect the availability, quality and cost of supplies for such products, which could lower our revenues, increase our operating costs, damage our brand reputation or otherwise harm our business. We may experience difficulties in procuring products from our suppliers and contract manufacturers for other reasons, including supply shortage, reductions in the availability of production capacity, failure of our suppliers to assemble our products according to our specifications, insufficient quality control, failure to meet production deadlines and increase in assembly costs. For example, supply shortages for semiconductors broadly in the market had occurred in 2021, which may have an impact on the supply of components for our in-vehicle hardware products. Such shortages or interruptions could affect our delivery lead times, which may in turn materially and adversely affect our operations. For example, since 2021, there has been a global shortage in the supply of semiconductor chips, which necessitated us having to adjust selling prices of in-vehicle hardware products and our SaaS services to balance the pressure of rising costs. Please refer to “Business—Supply Chain Management—Components and raw materials” for further details.

Our business also depends on developing and maintaining close relationships with our suppliers, and our suppliers’ ability or willingness to sell quality products to us at favourable prices and terms are key to our profitability and financial condition. Many factors beyond our control may harm these relationships and the ability or willingness of these suppliers to sell us products on favourable terms, if at all.

**Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, or if we do not price our products and services competitively, our business and competitive advantage may be harmed.**

We believe that maintaining, promoting and enhancing our *Dijia*, *Guanglian Saixun* and *Didihu* brands is critical to maintaining and expanding our business, and therefore we have incurred management resources and expenses on a variety of marketing and promotion efforts designed to enhance our brand recognition and increase sales of our products and services and to establish our leadership position in the industry. Maintaining and enhancing our brands depends largely on our ability to continue to provide high-quality, well-designed, useful, and reliable services and software products and services, which we cannot assure you we will do successfully.

We believe that brand recognition will become more important as competition in the automotive aftermarket services increases. In addition to our ability to provide reliable and effective services and software products and services and SaaS value-added services and doing so at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our brand mainly through our direct sales force and channels partners. Our marketing and promotional activities may not be well received by customers and may not result in the level of sales of products and services that we anticipate. Therefore, we cannot assure you that we will

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be able to cost-effectively conduct our sales and marketing efforts, or that we will be able maintain the market recognition or the competitiveness of our brands, in which case we may be placed in a competitive disadvantage.

**We cooperate with third party service providers and suppliers for different aspects of our business. If we are unable to maintain stable relationships with third party service providers and suppliers, or if our suppliers face difficulties in supplying to us, our business, operating results, and financial condition could be adversely affected.**

Our success depends on our relationships with third party services providers and suppliers which include but not limited to OEM suppliers, mobile communication operators, cloud service providers, warehouse management and installation service providers, some of which may be critical to our sales of in-vehicle hardware products and the provision of our SaaS marketing and management services. Our purchase from the five largest suppliers in each year of the Track Record Period amounted to approximately RMB140.6 million, RMB156.3 million and RMB229.0 million, respectively, which accounted for approximately 64.2%, 55.4% and 54.9% of our transaction amounts for the corresponding period. If these third party service providers experience such difficulties in providing products or services that we require, or if our purchasing agreements with them are terminated or not renewed or they cease operations (either temporarily or permanently) or experience any other business interruptions, our business operations and reputation would be adversely affected. Moreover, if we are unsuccessful in negotiating cost-effective relationships with our suppliers, we may be forced to find suitable replacements, and there can be no guarantee that replacement suppliers can be found on reasonable commercial terms, if at all.

**We may be vulnerable to intellectual property infringement claims brought against us by others.**

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, patents, copyrights, know-how or other intellectual property rights held by others. We, from time to time in the future, may be subject to legal proceedings and claims relating to the intellectual property rights of others. In addition, there may be third-party trademarks, patents, copyrights, know-how or other intellectual property rights that are infringed by our products, services or other aspects of our business without our awareness. If any third-party infringement claims are brought against us, we may be forced to divert management's time and resources from our business and operations to defend against these claims, regardless of their merits.

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**Regulatory actions, legal proceedings, product liability claims, and customer complaints against us could harm our reputation and have a material adverse effect on our business, results of operations, financial condition and prospects.**

We may from time to time become subject to various litigation proceedings, legal or contractual disputes, investigations or administrative proceedings arising in the ordinary course of our business, including but not limited to various disputes with or claims from our suppliers, customers, business partners that we engage for our business operations and other third parties. On-going or threatened litigation proceedings, legal or contractual disputes, investigations or administrative proceedings may divert our management's attention and consume their time and our other resources. In addition, any similar claims, disputes or legal proceedings involving us or our employees may result in damages or liabilities, as well as legal and other costs. Furthermore, any litigation, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. In addition, negative publicity arising from litigation proceedings, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brands and products and services. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

**The continuing and collaborative efforts of our executive Directors, senior management and key employees are crucial to our success and the loss of their services could severely harm our business.**

We have been relying and will continue to rely on the expertise and experience of our executive Directors and senior management team. For further details of our executive directors and senior management team, please refer to the section headed "Directors and Senior Management". The loss of any of our Directors, senior management or key employees could impair our ability to operate and impede the execution of our business strategies and harm our business. If we are unable to find suitable replacement(s) within a reasonable period of time, or at all, our business, financial condition and results of operations would be materially and adversely affected.

Further, our future success depends on our continuing ability to attract, develop, motivate and retain qualified and skilled employees to manage our existing operations and accomplish future growth. Since well-qualified employees in the automotive aftermarket are in high demand, competition for these individuals is intense. In particular, we rely on our research and development team to develop our products and services that are appealing to our customers, and we also rely on our experienced sales personnel to maintain a good relationship with our customers and to promote our products and services to customers. We may not be able to successfully attract and retain the individuals we desire. Furthermore, we may need to offer them higher levels of benefits in order to retain them. As such, we cannot assure you that we will have the

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resources to fully achieve our staffing needs. Moreover, if any member of our key employee joins a competitor or forms a new business to compete with us, we may lose critical customer resources, technical know-how and the expertise that these employees would otherwise be able to contribute to us. Thus, our failure to attract and retain talented personnel could have a negative impact on our ability to maintain our competitive position in the market or achieve success in our expansion efforts.

**Our financial performance may be adversely affected by our need to recruit and retain experienced technical and sales and marketing staff, and increasing staff costs.**

Our business operation and our success depends upon our ability to attract, motivate and retain a sufficient number of qualified employees. Our Directors are of the view that the ability to recruit and retain experienced staff is crucial to the stability and expansion of our operations. According to the CIC Report, the average annual salary in the Internet-related industry in 2023 was about RMB275,000. The operation and development of our SaaS value-added services would require a significant amount of skilled technical and sales and marketing personnel, which may result in increases in labour costs. Driven by the increasing challenge in acquiring skilled labour in the Internet-related industry, the Directors expect the salary level to continue expanding over the next five years and the annual yearly salary in the Internet-related industry is expected to be approximately RMB368,000 by 2028, according to the CIC Report. Our employee benefit expenses amounted to approximately RMB42.3 million, RMB53.1 million and RMB52.8 million for the years ended 31 December 2021, 2022 and 2023, respectively representing 12.9%, 12.8% and 9.4% of our total revenue for the corresponding period. We expect our employee benefit expenses will continue to increase as inflationary pressures and demands for skilled technical and sales and marketing personnel in China together will continue to drive up salary levels and as our business further expands.

We may not be able to always offer competitive remuneration packages and recruit and retain staff at commercially reasonable levels. Any failure to recruit and retain staff may result in a shortage of staff, which may cause our operations to be affected, our development plans to be delayed and/or affecting the quality of our services. This may materially and adversely affect our operations, reputation and financial performance. Our financial performance may also be adversely affected by the increasing staff costs in the PRC. In the event that we are unable to pass on increased costs to our customers, any significant increase in staff costs may materially and adversely affect our financial performance.

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**Insurance coverage may not be adequate, and increased insurance costs could adversely affect our results of operations.**

The insurance industry in China is still at a relatively early stage of development as insurance companies in China only offer limited business insurance products. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. In addition, we do not maintain any insurance policies covering risks including loss and theft of and damages to our servers or other technology infrastructure. As such, any uninsured occurrence of business disruption, litigation or natural disasters causing serious damages to our uninsured technology equipment would result in substantial costs and diversion of resources which could adversely affect our financial condition and results of operations.

**We may be subject to additional contributions of social insurance and late payments and fines imposed by relevant authorities.**

According to the Social Insurance Law of the PRC (中華人民共和國社會保險法), we are required to make social insurance for our employees in amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business. As at the Latest Practicable Date, we had not received any notice from the local authorities or any claim or request from these employees in this regard. However, we cannot assure you that the relevant local government authorities will not require us to pay the outstanding amount and impose late fees or fines on us. If we fail to repay the outstanding social insurance contributions within the prescribed period, we may be subject to a fine of one to three times the amount of the outstanding amount of social insurance contributions. For further details including the potential impact of such shortfall under the PRC laws and regulations, please refer to “Business—Legal Proceedings and Compliance—Non-compliance incidents”. Based on information available to the Directors and after taking into account the advice of the PRC Legal Advisor, the Company estimates that the shortfall in social insurance and housing provident funds contributions that the Group may be held liable for would not exceed RMB0.4 million in aggregate for the three years ended 31 December 2023. However, we cannot assure you that the relevant governmental authorities will not require us to pay the outstanding amount and impose late fees or fines, pecuniary penalties or other administrative actions on us. If we are otherwise subject to investigations related to non-compliance with labor laws and are imposed severe penalties or incur significant legal fees in connection with labor law disputes or investigations, our business, financial condition and results of operations may be adversely affected.

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**We may be liable for failure to register and file our lease agreements, which may subject us to penalties.**

As at the Latest Practicable Date, 13 leasing agreements of our leased properties had not been registered and filed with the competent PRC government authorities as required by applicable PRC laws and regulations. We cannot assure you that the lessors will cooperate and complete the registration in a timely manner. Our PRC Legal Adviser has advised us that failure to complete the registration and filing of lease agreements will not affect the validity of such leases or impede our use of the relevant properties but could result in the imposition of fines up to RMB10,000 for each leased property that is unregistered (if we fail to rectify the non-compliance within the time frame prescribed by the relevant authorities). As at the Latest Practicable Date, with respect to four out of 13 of our leased properties in the PRC, the lessor has not provided valid title certificates or relevant authorisation documents evidencing their rights to lease the properties. As a result, we cannot assure you that we will not be subject to any challenges, lawsuits or other actions taken against us with respect to the properties leased by us for which the relevant lessors do not hold valid title certificates. If any of such properties were successfully challenged, we may be forced to relocate our operations on the affected properties and may be forced to cease these activities in the event we face challenges in relation to our properties. If we fail to find suitable replacement properties on terms acceptable to us for the affected operations, or if we are subject to any material liability resulting from third-party challenges for our lease of properties for which we or our lessors do not hold valid titles, our business, financial condition and results of operations may be materially and adversely affected. For further details, please refer to “Business—Leased Properties” and “Business—Legal Proceedings and Compliance—Non-compliance incidents—Failure to register lease agreements with the relevant PRC authorities”.

### RISKS RELATING TO CONDUCTING OUR BUSINESS IN THE PRC

**Failure to obtain, renew, or retain licenses, permits or approvals or failure to comply with applicable laws and regulations may affect our ability to conduct or expand our business.**

The PRC Government regulates the Internet, finance and automobile industries extensively, including the licensing and permit requirements pertaining to companies in these industries. We are required to hold licenses such as Value-Added Telecommunications Business License and Class-B Surveying and Mapping Qualification Certificate to carry out our business and operations. Since the relevant laws and regulations governing our business activities may be amended from time to time, we may be subject to more stringent regulatory requirements due to changes in the economic and societal landscape. As such, we cannot assure you that we may be able to prevent non-compliance with the applicable PRC laws and regulations in our ordinary course of business. We may fail to obtain, renew or maintain any of the business licenses and approvals or make the necessary filings for our business and operations and as

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such, we may be subject to various enforcement actions, including orders issued by the regulatory authorities requiring us to terminate our unlawful operations. Fines and penalties may also be imposed on us and we may even incur criminal liability. Our business may be adversely affected and have other material adverse effects on financial conditions and results of operations.

**Possible changes in the economic and social conditions in the PRC and policies adopted by the PRC government could adversely affect our business, prospects, financial condition and results of operations.**

We conduct our business operations within the PRC. Accordingly, our financial condition and results of operations are influenced by the economic and social conditions, legal development, and government policies of the PRC. In recent years, the PRC government has implemented economic reform measures emphasising the use of market forces to drive economic development. However, any economic reform policies or measures in China may from time to time be modified or revised. As a result, some of these measures may benefit the overall PRC economy but have a negative effect on the industries in which we operate and subsequently our business.

All of our revenue during the Track Record Period were generated within the PRC. As such, our future success is substantially dependent on economic, political and social conditions in the PRC. Any adverse changes in the PRC’s political and social conditions or any slowdown or recession of the PRC’s economy could have a material and adverse effect on our business, financial, results of operations and prospects.

**Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay to our shareholders.**

We are a Cayman Islands holding company and all of our income is derived from dividends that are paid by our subsidiaries in the PRC. Pursuant to the EIT Law and its implementation rules, dividends payable by a foreign-invested enterprise to its foreign corporate investors who are not deemed a PRC resident enterprise are subject to a 10% withholding tax, unless such foreign investor’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. Pursuant to a tax arrangement between China and Hong Kong, effective in January 2007, such dividend withholding tax rate is reduced to 5% for dividends paid by a PRC subsidiaries to a Hong Kong company if such Hong Kong company is a “beneficial owner” and directly owns at least 25% of the equity interest of the PRC company. According to the fourth protocol of the aforementioned treaty, effective from December 2015, the reduction will not apply if the main purpose of the production or distribution of the proceeds involved is to obtain the aforementioned (reduction) interest. The Announcement on Issues Concerning “Beneficial Owners” in Tax Treaties (《國家稅務總局關於稅收協定中“受益所有人”有關問題的公告》), which became effective in April 2018, stipulates certain conditions under which a company may not be defined as a “beneficial owner” under the

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relevant tax treaty, and further requires non-resident taxpayers who wish to enjoy the treatment of “beneficial owners” under such tax treaties to submit certain report forms and materials when filing tax returns.

If we and our Hong Kong subsidiary are considered as non-resident enterprises and our Hong Kong subsidiary is considered as a Hong Kong resident enterprise under the aforementioned arrangement and is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements, then the dividends paid to our Hong Kong subsidiary may be able to enjoy the reduced income tax rate of 5%. However, if our Hong Kong subsidiary fails to submit required documents for enjoying such treatment, and if our corporate and shareholding structure is viewed as deliberately arranged for acquiring the reduction interest, we may not be able to enjoy a preferential withholding tax rate of 5% and as a result the dividend payable by our PRC subsidiaries to our Hong Kong subsidiary will be subject to withholding tax at a rate of 10%. As we may not be able to have preferential tax treatment, the amount of dividends, if any, we may pay to our shareholders would be materially and adversely affected.

**Under the EIT Law, we may be classified as a “resident enterprise” of China, such classification could result in unfavourable tax consequences to us and our non-PRC shareholders which would materially and adversely affect our results of operations and financial condition.**

Under the EIT Law, enterprises established under the laws of foreign countries or regions and whose “de facto management bodies” are located within the PRC are considered “resident enterprises” and thus will generally be subject to enterprise income tax at the rate of 25% on their global income. On 6 December 2007, the State Council adopted the Regulation on the Implementation of EIT Law, effective as at 1 January 2008, which defines the term “de facto management bodies” as “bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises”. Currently, our management is primarily based in the PRC, and may continue to be based in the PRC in the future. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual resident(s), as in our case.

If we were considered a PRC resident enterprise, we would be subject to enterprise income tax at the rate of 25% on our global income, and any dividend or gain on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. In addition, although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear as to the detailed qualification requirements for this exemption and whether dividend payments by our PRC operating subsidiaries to us



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would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose. If our global income were to be taxed under the EIT Law, our financial position and results of operations would be materially and adversely affected.

Under the EIT Law and its implementing rules, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with China and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement.

We invest in our PRC operating subsidiaries through our Hong Kong subsidiaries. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (the “**Double Tax Avoidance Arrangement**”) and other applicable PRC laws, our Hong Kong subsidiaries will be subject to a withholding tax at a rate of 5% on dividends received from our PRC operating subsidiaries. However, the SAT promulgated the Announcement on Certain Issues Concerning the Beneficial Owner in a Tax Agreement (關於稅收協定中“受益所有人”有關問題的公告) (“**Circular 9**”) on 3 February 2018, effective as 1 April 2018, which provides guidance for determining whether a resident of a contracting state is the “beneficial owner” of an item of income under China’s tax treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits. It is possible, however, that under Circular 9 our Hong Kong subsidiaries would not be considered the “beneficial owner” of any such dividends, and that such dividends would as a result be subject to income tax withholding at the rate of 10% rather than the favourable 5% rate applicable under the Double Tax Avoidance Arrangement and other applicable PRC laws. In that case, our financial position and results of operations would be materially and adversely affected.

**You may be subject to PRC income tax on dividends from us or on any gain realised on the sale or other disposition of our Shares under PRC law.**

Under the EIT Law and EIT Law Implementation Rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from sources within China payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment if the relevant income is not effectively connected with the establishment. Any gain realised on the transfer of shares by such investors is subject to 10% PRC income tax if such gain is regarded as income derived from sources within China unless a treaty or similar arrangement otherwise provides. Under the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within China paid to foreign

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individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20%, and gains from PRC sources realised by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although all of our business operations are in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realised from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of our investors’ investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

### **We face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.**

The PRC tax authorities have enhanced their scrutiny over the non-resident enterprise’s direct or indirect transfer of equity interests in a PRC resident enterprise by promulgating and implementing the Notice on Issues Concerning Process of Enterprise Income Tax in Enterprise Restructuring Business (關於企業重組業務企業所得稅處理若干問題的通知) (“**SAT Circular 59**”) which became effective on 1 January 2008 and the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises (《國家稅務總局關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (“**SAT Circular 698**”) which became effective on 1 January 2008. Under the circulars, where a non-resident enterprise transfers the equity interests of a PRC “resident enterprise” indirectly by disposing the equity interests of an overseas holding company (an “**indirect transfer**”) without a reasonable commercial purpose in order to avoid its income tax obligations, the non-resident enterprise, being the transferor, may be subject to PRC EIT and gains derived from such indirect transfer may be subject to PRC tax at a rate of up to 10%. SAT Circular 698 also provides that where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority is entitled to make a reasonable adjustment to the taxable income of the transaction. Subsequently on 3 February 2015, the SAT extended its tax jurisdiction to capture transactions involving the transfer of real property and assets of an establishment or a place in the PRC by a foreign company through the offshore transfer of a foreign intermediate holding company by virtue of issuing the Announcement on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-resident Enterprises (《國家稅務總局關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“**Public Notice 7**”). Public Notice 7 also interprets the term “transfer of the equity interest in a foreign intermediate holding company” broadly. In addition, Public Notice 7 further clarifies certain criteria on how to define “reasonable commercial purposes” and introduces safe harbor scenarios applicable to internal group

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restructurings. However, it also imposes burdens on both the foreign transferor and the transferee of the indirect transfer as they are required to make a self-assessment on whether the transaction should be subject to PRC tax and whether to file or withhold the PRC tax accordingly.

Public Notice 7 and its interpretation by relevant PRC authorities clarify that an exemption provided by SAT Circular 698 for transfers of shares in a publicly-traded entity that is listed overseas is available if the purchase of the shares and the sale of the shares both take place in open-market transactions. Despite this exemption, the PRC tax authorities may deem various private share transactions to be subject to SAT Circular 698 and Public Notice 7, which could subject the shareholder to additional reporting obligations or tax burdens. On 17 October 2017, SAT issued a Public Notice of SAT on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (《國家稅務總局關於非居民企業所得稅源泉扣繳有關問題的公告》) (“**Public Notice 37**”), which, among others, repeals the SAT Circular 698 on 1 December 2017. The Public Notice 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises under SAT Circular 698. And certain rules stipulated in Public Notice 7 are replaced by Public Notice 37. Where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the EIT Law, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise shall declare and pay the tax payable within such time limits specified by the tax authority; however, if the non-resident enterprise voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it shall be deemed that such enterprise has paid the tax in time.

There are uncertainties as to the application of Public Notice 7 and Public Notice 37. For example, while the term “indirect transfer” is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over foreign entities that may be involved in indirect transfer. Moreover, the relevant authority has not yet promulgated any formal provisions or made any formal declaration as to the process and format for reporting an indirect transfer to the competent tax authority of the relevant PRC resident enterprise. In addition, there are no formal declarations with regard to how to determine whether a foreign investor has adopted an abusive arrangement in order to reduce, avoid or defer PRC tax. As a result, we and our non-resident investors may become at risk of being taxed under Public Notice 7 and Public Notice 37 and may be required to expend valuable resources to comply with Public Notice 7 and Public Notice 37 or to establish that we should not be taxed under Public Notice 7 and Public Notice 37, which may have a material adverse effect on our financial condition and results of operations or such non-resident investors’ investments in us. In addition, since we may pursue acquisitions as one of our growth strategies, and may conduct acquisitions involving complex corporate structures, PRC tax authorities might impose taxes on capital gains or request that we submit additional documentation for their review in connection with any potential acquisitions, which may cause us to incur additional acquisition costs or delay our acquisition timetable. The PRC tax authorities have discretion under SAT Circular 59, Public Notice 7 and Public Notice 37 to make

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adjustments to the taxable capital gains based on the difference between the fair value of the equity interests transferred and the cost of investment. If we are considered a non-resident enterprise under the EIT Law and if the PRC tax authorities make adjustments to the taxable income of our merger and acquisition transactions under SAT Circular 59, Public Notice 7 and Public Notice 37, our income tax expenses associated with such potential acquisitions will be increased, which may have an adverse effect on our financial condition and results of operations.

### **PRC rules on mergers and acquisitions may make it more difficult for us to pursue growth through acquisitions.**

The M&A Rules and regulations and rules concerning mergers and acquisitions introduced additional procedures and requirements which involve making a series of applications and supplemental applications to the government agencies that could make merger and acquisition activities with PRC business entities by foreign investors relatively time-consuming. Depending on the structure of the transaction, we may be required to submit to MOFCOM and other relevant government agencies an appraisal report, an evaluation report and the acquisition agreement to seek approval. Moreover, the Anti-Monopoly Law of the PRC (中華人民共和國反壟斷法) stipulates that the relevant anti-monopoly authority is to be notified in advance of any change of control transaction if certain thresholds under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings by the State Council (《國務院關於經營者集中申報標準的規定》), which was promulgated by the State Council on 3 August 2008 and was amended on 18 September 2018, are triggered. Besides, the Notice of the General Office of the State Council on the Establishment of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》) which became effective on 3 March 2011 established a security review system for merger and acquisition of domestic companies by foreign investors. In particular, these security review rules specify that mergers and acquisitions by foreign investors that raise "national security" concerns are subject to strict review by MOFCOM and the rules prohibit any transactions attempting to bypass such security review, including by controlling entities through the Contractual Arrangements. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the MOFCOM or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. As we may grow our business in the future in part by directly acquiring complementary businesses in China, complying with the requirements of these regulations to complete such transactions could be relatively time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or any other competent government agencies, may bring uncertainties to complete such transactions.

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**PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries.**

In utilising the [REDACTED] from the [REDACTED] or any further [REDACTED], as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans provided by us to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered or filed on record. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be filed with or approved by the MOFCOM or its local counterpart and registered with the SAIC or its local branch. We cannot assure you that we will be able to obtain these government registrations or approvals or to complete filing and registration procedures on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals or fail to complete such filing or registration procedures, our ability to use the [REDACTED] of the [REDACTED] and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

**The PRC government's control over currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.**

The Renminbi is not presently a freely convertible currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There is no assurance that, under a certain exchange rate, we will have sufficient foreign currencies to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends following completion of the [REDACTED], do not require prior approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE. There is no assurance that we will be able to receive these approvals in time, or at all. This could restrict the ability of our PRC subsidiaries to obtain debt or equity financing in foreign currencies.

The existing foreign regulations allow us, following completion of the [REDACTED], to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that the PRC government will continue to adopt this policy going forward. The PRC government may also restrict our access to foreign currencies for current account transactions at its

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discretion. Any insufficiency of foreign currencies may impair our ability to obtain sufficient foreign currencies for dividend payments to our Shareholders or to satisfy any other foreign exchange requirements.

**Increases in labour costs and enforcement of more comprehensive labour laws and regulations in the PRC may adversely affect our business and our profitability.**

The PRC Labour Contract Law (《中華人民共和國勞動合同法》) was implemented on 1 January 2008 and was latest amended on 28 December 2012 and became effective on 1 July 2013, and the PRC Social Insurance Law (《中華人民共和國社會保險法》) became effective on 1 July 2011 and was latest amended on 29 December 2018. As a result of these new laws and regulations designed to enhance labour protection, we expect that our labour costs, including wages and employee benefits, will continue to increase. Unless we are able to pass on these increased labour costs to those who pay for our services, our profitability and results of operations may be materially and adversely affected.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labour contracts with our employees and paying various statutory employee benefits, including pensions, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labour Contract Law and its implementation rules, employers are subject to stricter requirements in terms of signing labour contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labour contracts. In the event that we decide to terminate some of our employees or otherwise change our employment or labour practices, the PRC Labour Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. As the interpretation and implementation of labour-related laws and regulations are still developing, we cannot assure you that our employment practices will at all times be deemed in compliance with the labour-related laws and regulations in China. If we are subject to severe penalties in connection with labour disputes or government investigations, our business, financial condition and results of operations will be adversely affected.

**Fluctuations in the value of Renminbi and other currencies could have an adverse effect on our business, financial condition and results of operations.**

The value of the Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. It is difficult to predict how market forces and the PRC government's policies will continue to impact Renminbi exchange rates going forward. The Renminbi may appreciate or depreciate significantly

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in value against the Hong Kong dollar, the U.S. dollar or other foreign currencies in the long term, depending on the fluctuation of the basket of currencies against which it is currently valued, or it may be permitted to enter into a full float, which may also result in significant appreciation or depreciation of the Renminbi against the U.S. dollar or other foreign currencies.

Even though substantially all of our revenue and expenses are denominated in RMB, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets and earnings. In particular, [REDACTED] from the [REDACTED] are made in Hong Kong dollars. Any unfavorable movement in the exchange rate of the Renminbi against the Hong Kong dollar may adversely affect the value of our [REDACTED] from the [REDACTED]. In addition, any unfavorable movement in the exchange rate of the Renminbi against other foreign currencies may also lead to an increase in our costs, which could adversely affect our business, financial condition and results of operations.

### **RISKS RELATING TO OUR CORPORATE STRUCTURE AND CONTRACTUAL ARRANGEMENTS**

**If the PRC Government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC governmental restrictions on foreign investment, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in our business**

Foreign investment in the value-added telecommunication services and internet map services industry in China is extensively regulated and subject to numerous restrictions. Under the 2021 Foreign Investment Negative List and Interim Measures for the Administration of the Surveying and Mapping Conducted by Foreign Organizations or Individuals in China (外國的組織或者個人來華測繪管理暫行辦法), certain aspects of our business fall into the value-added telecommunication services and internet map services which are restricted. Since we are a Cayman Islands company and considered as a foreign legal person under PRC laws, neither we nor our wholly foreign-invested PRC subsidiaries are eligible to apply for the required licenses to provide such value-added telecommunication services and internet map services in China. As such, we conduct our business operations that are subject to foreign investment restrictions in China via Contractual Arrangements entered into among Guanglian Shuke, Guanglian Saixun and the Registered Shareholders. We have been and are expected to continue to depend on Guanglian Saixun to operate a substantial portion our business operations. We do not have any equity ownership interest in Guanglian Saixun but control its operations and receive the economic benefits through the Contractual Arrangements.

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If we, Guanglian Saixun or any of its current or future subsidiaries are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities may impose sanctions, which include among others, nullifying the Contractual Arrangements, levying fines, confiscating our income, revoking our business licenses, restructuring our PRC subsidiaries, discontinuing or imposing restrictions or conditions on our operations, restricting our [REDACTED] from the [REDACTED] and other enforcement actions that would be harmful to our business. Any of these actions would cause significant disruption to our business and damage our reputation which in turn would adversely affect our financial condition and results of operations.

**If we exercise the option to acquire equity ownership of Guanglian Saixun, the ownership transfer may subject us to certain limitations and substantial costs**

Pursuant to the Contractual Arrangements, Guanglian Shuke, or its designated person, has the exclusive right to purchase all or any part of the equity interests in Guanglian Saixun from the Registered Shareholders for the minimum amount of consideration permitted by applicable PRC laws. Subject to relevant laws and regulations, the Registered Shareholders shall return any amount of purchase price they have received to Guanglian Shuke. If such a transfer takes place, the competent tax authority may require Guanglian Shuke to pay EIT for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

**The Registered Shareholders may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests**

We conduct a certain portion of our business through the Consolidated Affiliated Entity. Our control over these entities is based upon the Contractual Arrangements with Guanglian Saixun and the Registered Shareholders that allow us to control Guanglian Saixun. The Registered Shareholders may potentially have a conflict of interest with us, and they may breach their contracts with us if they believe it would further their own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us and Guanglian Saixun, the Registered Shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favour.

In addition, the Registered Shareholders may breach or cause Guanglian Saixun to breach the Contractual Arrangements. If Guanglian Saixun or the Registered Shareholders breach their contracts with us or otherwise have disputes with us, we may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt our business operations, adversely affect our ability to control Guanglian Saixun and otherwise result in negative publicity. There is also substantial uncertainty as to the outcome of any such legal proceedings.



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**We rely on Contractual Arrangements with our Consolidated Affiliated Entity and its shareholders for our business operations in China, which may not be as effective in providing operational control as direct ownership and our Consolidated Affiliated Entity and its shareholders may fail to perform their obligations under the Contractual Arrangements**

We rely on and expect to continue to rely on the Contractual Arrangements with Guanglian Saixun and its shareholders to control Guanglian Saixun who is also the holder of the key licenses required to operate certain portion of our business in China. For more details of these Contractual Arrangements, please refer to the section headed "Contractual Arrangements". These Contractual Arrangements may not be as effective in providing us with control over Guanglian Saixun as compared to direct ownership. If we had direct ownership of Guanglian Saixun, we would be able to exercise our rights as a shareholder to effect changes in the board of directors, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the current Contractual Arrangements, we depend on the performance by Guanglian Saixun.

If Guanglian Saixun and its shareholders fail to perform their obligations under the Contractual Arrangements, we may have to incur significant costs and resources to enforce our rights under the contracts and rely on legal remedies available under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective. In the event we could not enforce our rights under these Contractual Arrangements, we may not be able to exert effective control over Guanglian Saixun or obtain the full economic benefits of our business operations, and our business, financial condition and results of operations would be materially and adversely affected. Furthermore, if we fail to renew these Contractual Arrangements upon their expiration, we would not be able to continue our relevant business operations unless the then-current PRC laws allow us to directly operate these businesses in China.

In addition, if Guanglian Saixun or all or part of its assets become subject to liens or rights of third party creditors, we may be unable to continue some or all of the relevant business activities, which could materially and adversely affect our business, financial position and results of operations. If Guanglian Saixun undergoes a voluntary or involuntary liquidation proceeding, its shareholders or unrelated third party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate the relevant business, which could materially and adversely affect our business, our ability to generate revenue and the market price of your shares.

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**Our Group may lose control over Guanglian Saixun and may not enjoy the full economic benefits of our Consolidated Affiliated Entity if Guanglian Saixun declares bankruptcy or becomes subject to a dissolution or liquidation proceeding**

Guanglian Saixun is our Consolidated Affiliated Entity. The Contractual Arrangements contain terms that specifically provide that Guanglian Saixun may not be voluntarily liquidated without the written consent of Guanglian Shuke. However, if the shareholders of Guanglian Saixun breach this obligation and voluntarily liquidate Guanglian Saixun or if Guanglian Saixun declares bankruptcy, all or part of its assets may become subject to liens or rights of third party creditors and the Group may be unable to continue to control Guanglian Saixun and may not enjoy the economic benefits of Guanglian Saixun, which could adversely affect our business, financial condition and results of operations.

**We conduct a certain portion of our business in the PRC through our Consolidated Affiliated Entity by way of the Contractual Arrangements, but certain terms of the Contractual Arrangements may not be enforceable or are subject to limitations under the relevant PRC laws**

The Contractual Arrangements among Guanglian Shuke, Guanglian Saixun and its shareholders contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of Guanglian Saixun, injunctive relief and/or winding up of Guanglian Saixun. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, as advised by our PRC Legal Adviser, these terms may not be enforceable. Under PRC law, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order to preserve the assets of or any equity interest in Guanglian Saixun in favour of an aggrieved party. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC. While PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in Guanglian Saixun in favour of an aggrieved party, the courts may or may not support the award of an arbitral body when deciding whether to take enforcement measures. As a result, in the event that Guanglian Saixun or any of its shareholders breaches any of its obligations of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entity and conduct our business could be materially and adversely affected.

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**Contractual Arrangements with Guanglian Saixun and Registered Shareholders may be subject to scrutiny by the PRC tax authorities which may determine that we or our Consolidated Affiliated Entity owe additional taxes or are ineligible for tax exemption, or both, which could substantially increase our taxes owed and thereby reduce our net income**

Under the Contractual Arrangements between us and Guanglian Saixun, Guanglian Saixun will transfer substantially all of its net income to us (less any accumulated loss, working capital requirements, expenses and taxes of Guanglian Saixun in a given year) which will substantially reduce its taxable income. These arrangements and transactions are related party transactions and must be conducted on an arm's length basis under applicable PRC tax rules and if they fail to do so, the tax authority may make special tax adjustments on the basis of the full amount that has been deducted before tax payment. As a result, our transactions with Guanglian Saixun may be susceptible to challenges by the PRC tax authorities. If the PRC tax authorities determine that the transactions we have entered into with Guanglian Saixun and its shareholders were not on an arm's-length basis, or are found to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, the PRC tax authorities may conduct transfer pricing adjustments and adjust the profits and losses of Guanglian Shuke or Consolidated Affiliated Entity and impose more tax liabilities on them. In addition, the PRC tax authorities may impose late payment fees and other penalties on us for the adjusted but unpaid taxes. Our net income may be adversely and materially affected if the tax liabilities of Guanglian Shuke or Consolidated Affiliated Entity increase or if it is found to be subject to late payment interests or other penalties.

**We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business**

We are a holding company, and we may rely on dividends and other distributions on equity paid by our PRC subsidiaries in China, for our cash requirements, including the funds necessary to service any debt we may incur. If our PRC subsidiaries incur debt in the future, the instruments governing the debt may restrict their abilities to pay dividends or make other distributions to us. Further, relevant PRC laws, rules and regulations permit payments of dividends by our PRC subsidiaries only out of their accumulated profits, if any, determined in accordance with accounting standards and regulations of China. Under PRC laws, rules and regulations, our subsidiaries are also required to set aside a portion of their net income each year to fund specific reserve funds. In addition, the statutory general reserve fund requires annual appropriations of 10% of after-tax income to be set aside prior to payment of dividends until the cumulative fund reaches 50% of our subsidiaries' registered capital. Therefore, our subsidiaries' ability of transferring a portion of their net assets to us whether in the form of dividends, loans or advances is limited. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends or otherwise fund and conduct our business.

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### **Uncertainties exist with respect to the interpretation and implementation of the newly adopted PRC Foreign Investment Law and its implementing rules and how they may impact the viability of our current corporate structure, corporate governance and business operations**

The contractual arrangements have been adopted by many PRC-based companies, including us, to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015, or the 2015 Draft FIL, according to which, variable interest entities that are controlled via contractual arrangements would also be deemed as foreign-invested entities, if they are ultimately “controlled” by foreign investors. In March 2019, the PRC National People’s Congress promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》), and in December 2019, the State Council promulgated the Implementing Rules of the PRC Foreign Investment Law 《中華人民共和國外商投資法實施條例》, or the Implementing Rules, to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both became effective from 1 January 2020 and replaced the major previous laws and regulations governing foreign investments in the PRC. Pursuant to the Foreign Investment Law, “foreign investments” refer to investment activities conducted by foreign investors (including foreign natural persons, foreign enterprises or other foreign organisations) directly or indirectly in the PRC, which include any of the following circumstances: (i) foreign investors setting up foreign invested enterprises in the PRC solely or jointly with other investors, (ii) foreign investors obtaining shares, equity interests, property portions or other similar rights and interests of enterprises within the PRC, (iii) foreign investors investing in new projects in the PRC solely or jointly with other investors, and (iv) investment in other methods as specified in laws, administrative regulations, or as stipulated by the State Council. The Foreign Investment Law and the Implementing Rules do not introduce the concept of “control” in determining whether a company would be considered as a foreign-invested enterprise, nor do they explicitly provide whether the contractual arrangements would be deemed as a method of foreign investment. The PRC Foreign Investment Law does not explicitly stipulate contract arrangement as a form of foreign investment. The PRC Legal Adviser is of the view that the legal documents of the Contractual Arrangements is likely to be valid, legal and binding on the parties. However, the Foreign Investment Law has a catch-all provision that includes into the definition of “foreign investments” made by foreign investors in China in other methods as specified in laws, administrative regulations, or as stipulated by the State Council, and as the Foreign Investment Law and the Implementing Rules are newly adopted and relevant government authorities may promulgate more laws, regulations or rules on the interpretation and implementation of the Foreign Investment Law, the possibility cannot be ruled out that the concept of “control” as stated in the 2015 Draft FIL may be embodied in, or the contractual arrangements adopted by us may be deemed as a method of foreign investment by, any of such future laws, regulations and rules. If our Consolidated Affiliated Entity was deemed as foreign-invested enterprises under any of such future laws, regulations and rules, and any of the businesses that we operate would be in the “negative list” for foreign investment and therefore be subject to foreign

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investment restrictions or prohibitions, further actions required to be taken by us under such laws, regulations and rules may materially and adversely affect our business, financial condition and results of operations. Furthermore, if future laws, administrative regulations or rules mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure, business, financial condition and results of operations.

### **RISKS RELATING TO THE [REDACTED]**

#### **There has been no prior public market for our Shares.**

Prior to the [REDACTED], there has been no public market for our Shares. The initial [REDACTED] range for our Shares was the result of negotiations among our Company and the [REDACTED] on behalf of the [REDACTED] and the [REDACTED] may differ significantly from the market price for our Shares following the [REDACTED]. We have applied for [REDACTED] of and permission to [REDACTED] in our Shares on the Stock Exchange. A [REDACTED] on the Stock Exchange, however, does not guarantee that an active and liquid [REDACTED] market for our [REDACTED] will develop, or if it does develop, will be sustained following the [REDACTED].

#### **The [REDACTED] volume and [REDACTED] of our Shares may be volatile, which could result in substantial losses for investors purchasing Shares in the [REDACTED].**

The [REDACTED] volume and [REDACTED] of our Shares following the [REDACTED] may be volatile. The following factors may affect the [REDACTED] volume and [REDACTED] of our Shares:

- actual or anticipated fluctuations in our revenue and results of operations;
- news regarding recruitment or departure of key personnel by us or our competitors;
- changes in earnings estimates or recommendations by financial analysts;
- the history of, and the prospects for, us and the industry in which we compete;
- potential litigation or regulatory investigations;
- announcements of new investments, strategic alliances and/or acquisitions in our industry; and
- the valuation of publicly traded companies that are engaged in business activities similar to ours.

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Any such developments may result in large and sudden changes in the volume and price at which our Shares will trade. We can give no assurance that these developments will not occur in the future.

In addition, in recent years, stock markets in general, and particularly the shares of companies with substantial operations in the PRC, have experienced increasing price and volume fluctuations, some of which have been unrelated or disproportionate to the operating performance of such companies. As a result, investors in our Shares may experience volatility in the [REDACTED] of their Shares and a decrease in the value of Shares regardless of our operating performance or prospects.

**Future sales or perceived sales of substantial amounts of our Shares in the public market could have a material adverse effect on the prevailing market price of our Shares and our ability to raise capital in the future, or may result in dilution of your shareholding.**

The [REDACTED] of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the [REDACTED] or the issuance of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional Shares in future offerings.

A certain number of our [REDACTED] held by existing Shareholders are or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the [REDACTED]. Please refer to the section headed "[REDACTED]" and "[REDACTED]". After the lapse of the above mentioned restrictions, future sales or perceived sales of substantial amounts of our [REDACTED], or the possibility of such sales by us, could negatively impact the [REDACTED] of our [REDACTED] and our ability to raise equity capital in the future.

**We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.**

Our management may spend the [REDACTED] from the [REDACTED] in ways you may not agree with or that do not yield a favorable return. For details of our intended [REDACTED], please refer to the section headed "Future Plans and [REDACTED]". However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the [REDACTED] from this [REDACTED].

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**Purchasers of Shares will experience immediate dilution as a result of the [REDACTED] and may experience further dilution if we [REDACTED] additional Shares in the future.**

As the [REDACTED] of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the [REDACTED], purchasers of our Shares in the [REDACTED] will experience an immediate dilution in [REDACTED] adjusted net tangible assets. We may need to raise additional funds in the future to finance further expansion or new developments relating to our existing or new contracts. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the [REDACTED].

**There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme.**

We may grant share options to eligible participants under the Share Option Scheme, who may be employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of the shareholders of our Company, the earnings per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in the section headed “Statutory and General Information—D. Share Option Scheme” in Appendix IV to this document.

**We may not be able to pay any dividends or make other distributions on our Shares.**

Dividends to non-controlling shareholder in the amount of RMB2.7 million was declared during FY2021 and paid during FY2022. We cannot assure you when and in what form dividends will be paid on our Shares after the [REDACTED]. The declaration and distribution of dividends is at the discretion of the Board, and our ability to pay dividends or make other distributions to our Shareholders is subject to various factors, including without limitations, our business and financial performance, capital and regulatory requirements and general business conditions. We may not be able to have sufficient or any profits to enable us to make dividend distributions to our shareholders in the future, even if our financial statements indicate that our operations have been profitable. As a result of the above, we are not able to guarantee that we will make any dividend payments on our Shares in the future. Please see “Financial Information – Dividends” in this document for further details.

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### **You may face difficulties in protecting your interests under the laws of the Cayman Islands.**

We are a Cayman Islands company and our corporate affairs are governed by, among other things, our Memorandum of Association, our Articles of Association, the Companies Act and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority shareholders may be different from those they would have under the laws of other jurisdictions.

### **We cannot assure you the accuracy of facts, forecasts and other statistics with respect to the PRC, the PRC economy and the industry in which we operate.**

We have derived certain facts, forecasts and other statistics, particularly those relating to the PRC, the PRC economy and the industry in which we operate, from information provided by the PRC and other government agencies, industry associations, independent research institutes or other third-party sources. While we have taken reasonable care in the reproduction of the information, information from official government sources has not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED] or any of our or their respective affiliates or advisers; such facts, forecasts and statistics include the facts, forecasts and statistics used in "Risk Factors," "Industry Overview" and "Business." Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

### **We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the [REDACTED].**

Before the publication of this document, there may be press and media coverage which contains certain information regarding the [REDACTED] and us that is not set out in this document. We have not authorised the disclosure of such information in any press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no presentation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim it. Accordingly, prospective investors should not rely on any such information.



## **WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES**

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Hong Kong Listing Rules:

### **WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG**

Pursuant to Rule 8.12 of the Hong Kong Listing Rules, a new applicant for [REDACTED] on the Hong Kong Stock Exchange must have sufficient management presence in Hong Kong, which normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Since our headquarters and principal business operations and management of our Group are carried out in the PRC, our executive Directors are based in the PRC to better manage and attend to our Group's business operations. Therefore, we do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Hong Kong Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for [, and the Hong Kong Stock Exchange has agreed to grant,] a waiver from strict compliance with the requirement under Rule 8.12 of the Hong Kong Listing Rules. In order to maintain effective communication with the Hong Kong Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Hong Kong Stock Exchange and us:

- (a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Hong Kong Listing Rules. The two authorised representatives are Mr. Zhao, our executive Director, and Mr. Zhang Yong (張勇) ("Mr. Zhang"), our joint company secretary. The authorised representatives will act as the principal channel of communication between the Hong Kong Stock Exchange and our Company. The authorised representatives will be available to meet with the Hong Kong Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by the Hong Kong Stock Exchange by telephone and/or email to deal promptly with any enquiries which may be made by the Hong Kong Stock Exchange. Each of the authorised representatives is authorised to communicate on behalf of our Company with the Hong Kong Stock Exchange;
- (b) each of the authorised representatives has means to contact all Directors (including the non-executive Directors and the independent non-executive Directors) promptly at all times as and when the Hong Kong Stock Exchange wishes to contact the Directors on any matters. We will implement a policy whereby:
  - (i) each Director will provide his/her mobile phone number, office phone number and email address to the authorised representatives;

## **WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES**

- (ii) each Director will provide his/her phone numbers or temporary means of communication to the authorised representatives when he/she is travelling; and
- (iii) each Director will provide his/her mobile phone number, office phone number and email address to the Hong Kong Stock Exchange;
- (c) in compliance with Rule 3A.19 of the Hong Kong Listing Rules, we have retained Octal Capital Limited to act as our compliance adviser, will act as an additional channel of communication between the Hong Kong Stock Exchange and our Company for the period commencing on the [REDACTED] and ending on the date that our Company publishes our financial results for the first full financial year after the [REDACTED] pursuant to Rule 13.46 of the Hong Kong Listing Rules;
- (d) our Company will inform the Hong Kong Stock Exchange promptly in respect of any change in our Company's authorised representatives and compliance adviser;
- (e) we have one independent non-executive Director, Ms. Ci Ying, ordinarily residing in Hong Kong and each Director who is not ordinarily resident in Hong Kong has confirmed that each of them possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period; and
- (f) we will retain a Hong Kong legal adviser to advise us on the application of the Hong Kong Listing Rules and other applicable Hong Kong laws and regulations after our [REDACTED].

## **WAIVER IN RELATION TO JOINT COMPANY SECRETARIES**

Pursuant to Rules 3.28 and 8.17 of the Hong Kong Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The Hong Kong Stock Exchange considers the following academic or professional qualifications to be acceptable:

- (a) a member of The Hong Kong Chartered Governance Institute;
- (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the laws of Hong Kong); or
- (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the laws of Hong Kong).

## **WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES**

Note 2 to Rule 3.28 of the Hong Kong Listing Rules further provides that in assessing “relevant experience”, the Hong Kong Stock Exchange will consider the individual’s:

- (a) length of employment with the issuer and other issuers and the roles he/she played;
- (b) familiarity with the Hong Kong Listing Rules and other relevant law and regulations including the SFO, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Hong Kong Listing Rules (i.e. not less than 15 hours of relevant professional training in each financial year); and
- (d) professional qualifications in other jurisdictions.

We have appointed Mr. Zhang as one of the joint company secretaries. Although Mr. Zhang does not possess the qualification and sufficient relevant experience as stipulated in the Notes to Rule 3.28 of the Hong Kong Listing Rules, we would like to appoint him as our joint company secretary due to his past management experience within our Group and his thorough understanding of the internal administration and business operations of our Group. In addition, we have appointed Ms. Cheung Lai Ha (張麗霞) (“**Ms. Cheung**”), who fulfils the requisite qualification as required under Note 1 to Rule 3.28 of the Hong Kong Listing Rules, to act as the other joint company secretary and to assist Mr. Zhang to acquire the necessary qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Hong Kong Listing Rules. Please refer to the section headed “Directors and Senior Management” for further information regarding the qualifications and experience of Mr. Zhang and Ms. Cheung.

Apart from discharging her functions in her role as one of our joint company secretaries, Ms. Cheung will assist Mr. Zhang in enabling him to acquire the relevant company secretary experience as required under Rule 3.28 of the Hong Kong Listing Rules and to become familiar with the requirements of the Hong Kong Listing Rules and other applicable Hong Kong laws. In addition, Mr. Zhang will also attend relevant professional training during each financial year as required under Rule 3.29 of the Hong Kong Listing Rules.

## **WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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We have applied for[, and the Hong Kong Stock Exchange has granted,] a waiver from strict compliance of Rules 3.28 and 8.17 of the Hong Kong Listing Rules in respect of the appointment of Mr. Zhang as one of our joint company secretaries pursuant to paragraph 13 of Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

- (a) Mr. Zhang must be assisted by Ms. Cheung, who possesses the qualifications and experience required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary of our Company throughout the validity period of the waiver;
- (b) the waiver is valid for an initial period of three years commencing from the [REDACTED] and will be revoked immediately if Ms. Cheung ceases to provide such assistance or if there are material breaches of the Hong Kong Listing Rules by our Company; and
- (c) for as long as Mr. Zhang is appointed as one of the joint company secretaries, during each financial year he will comply with the annual professional training requirement under Rule 3.29 of the Listing Rules to enhance his knowledge of the Listing Rules.

Before the end of the three-year period, our Company must demonstrate and seek for the Hong Kong Stock Exchange's confirmation that Mr. Zhang, having had the benefits from Ms. Cheung's assistance during the three-year period, has attained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules and is capable of discharging the function of a company secretary, so that a further waiver will not be necessary.

[REDACTED]

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**WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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[REDACTED]

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## **WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES**

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[REDACTED]

### **WAIVERS IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

The Group entered into the Contractual Arrangements, and the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into among others, by the Consolidated Affiliated Entity and any member of our Group that is owned by us through equity interest would constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules following completion of the [REDACTED]. The Company has applied for, and the Hong Kong Stock Exchange has granted to us, waivers from strict compliance with certain requirements under Chapter 14A of the Listing Rules in relation to the non-exempt continuing connected transactions. Details of these non-exempt continuing connected transactions and the waivers granted are set out in the section headed “Connected Transactions” in this document.

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]



**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

**INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]**

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[REDACTED]

**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

**DIRECTORS**

<b>Name</b>	<b>Residential Address</b>	<b>Nationality</b>
<i>Executive Directors:</i>		
Mr. Zhu Lei (朱雷)	Room 2301, Building B, No. 60 Jiangsu Road, Gulou District, Nanjing City, Jiangsu Province, China	Chinese
Mr. Jiang Zhongyong (蔣忠永)	Room 2601, Phase 2, Xindi Center, No. 168 Lushan Road, Jianye District, Nanjing City, Jiangsu Province, China	Chinese
Mr. Zhao Zhan (趙展)	Room 42A, Building 2, Phase 3, OCT Xiangshanli Huayuan, Xiangshan West Street, Nanshan District, Shenzhen City, Guangdong Province, China	Chinese
<i>Non-executive Directors:</i>		
Mr. Zou Fangzhao (鄒方昭)	No. 11, Nei, No. 6, Changsheng West Road, Zhifu District, Yantai City, Shandong Province, China	Chinese
Mr. Cui Changsheng (崔常晟)	Room 902, Unit 1, Building 1, Gongshanglian Hui Yuan Zhi Jia, Longkou City, Shandong Province, China	Chinese

**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

<b>Name</b>	<b>Residential Address</b>	<b>Nationality</b>
Ms. Peng Chao (彭超)	Room 404, Building 3C, Ronghu Shengshi Huayuan, Fu Cheng Ao Community, Pinghu Sub-district, Longgang District, Shenzhen City, Guangdong Province, China	Chinese
<i>Independent non-executive Directors:</i>		
Mr. Feng Yuan (馮轅)	Room 1102, Building 8, Jin Di Ming Jing, No. 139 Yunjin Road, Jianye District, Nanjing City, Jiangsu Province, China	Chinese
Ms. Wei Chunlan (魏春蘭)	Room A501, Shekou Shuangxi Huayuan, Nanshan District, Shenzhen City, Guangdong Province, China	Chinese
Ms. Ci Ying (慈瑩)	10/F, King Dao Building, 14 Burrows Street, Wan Chai, Hong Kong	Chinese

Further information about our Directors and other senior management members are set out in “Directors and Senior Management”.

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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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**PARTIES INVOLVED**

**Sole Sponsor, [REDACTED] and  
[REDACTED]**

**CCB International Capital Limited**  
12/F, CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong  
*(Licensed corporation under the SFO to  
conduct type 1 (dealing in securities),  
type 4 (advising on securities), and type 6  
(advising on corporate finance) regulated  
activities as defined under the SFO)*

[REDACTED]

**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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[REDACTED]

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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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[REDACTED]

**Legal Advisers to our Company**

*As to Hong Kong law*

**Fangda Partners**

26/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

*As to the PRC law*

**Fangda Partners**

9/F, Tower One, Kerry Plaza  
1 Zhong Xin Si Road  
Futian District  
Shenzhen  
PRC

*As to Cayman Islands law*

**Appleby**

Suites 4201-03 & 12  
42/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

**Legal Advisers to the Sole Sponsor  
and the [REDACTED]**

*As to Hong Kong law*

**Jingtian & Gongcheng LLP**

Suites 3203-3207  
32/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong



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**DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]**

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*As to the PRC law*

**Zhonglun Law Firm**

57/58/59/F, Tower A  
Ping An Finance Centre  
5033 Yitian Road  
Futian District  
Shenzhen  
Guangdong  
PRC

*As to U.S. law*

**Dorsey & Whitney**

Room 2802, 28/F  
Alexandra House  
18 Chater Road  
Hong Kong

**Auditor and Reporting Accountant**

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

**Independent Industry Consultant**

**China Insights Industry Consultancy  
Limited**

10F, Block B  
Jing'an International Center  
88 Puji Road  
Jing'an District  
Shanghai  
PRC

[REDACTED]

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## CORPORATE INFORMATION

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<b>Registered Office</b>	71 Fort Street PO Box 500, George Town Grand Cayman, KY1-1106 Cayman Islands
<b>Headquarters and Principal Place of Business in the PRC</b>	14/F, Building 1 Chongwen Garden Nanshan IPark 3370 Liuxian Avenue Nanshan District Shenzhen Guangdong Province PRC
<b>Principal Place of Business in Hong Kong</b>	46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
<b>Company's Website</b>	<b><u><a href="http://www.glsuke.com">www.glsuke.com</a></u></b> <i>(Note: the information on this website does not form part of this document)</i>
<b>Joint Company Secretaries</b>	Mr. Zhang Yong (張勇) Room C, 6/F, Building 3 Tianwei Huayuan No. 6001 Caitian Road Futian District Shenzhen City Guangdong Province PRC  Ms. Cheung Lai Ha (張麗霞) (ACG, HKACG) 46/F, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong

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## CORPORATE INFORMATION

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### Authorised Representatives

Mr. Zhao Zhan (趙展)  
Room 42A, Building 2,  
Phase 3, OCT Xiangshanli Huayuan,  
Xiangshan West Street,  
Nanshan District,  
Shenzhen City,  
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Mr. Zhang Yong (張勇)  
Room C, 6/F, Building 3  
Tianwei Huayuan  
No. 6001 Caitian Road  
Futian District  
Shenzhen City  
Guangdong Province  
PRC

### Audit Committee

Ms. Wei Chunlan (魏春蘭) (*Chairlady*)  
Mr. Feng Yuan (馮轅)  
Ms. Ci Ying (慈瑩)

### Remuneration Committee

Mr. Feng Yuan (馮轅) (*Chairman*)  
Mr. Zhao Zhan (趙展)  
Ms. Wei Chunlan (魏春蘭)

### Nomination Committee

Mr. Zhu Lei (朱雷) (*Chairman*)  
Ms. Wei Chunlan (魏春蘭)  
Ms. Ci Ying (慈瑩)

### Strategy Committee

Mr. Zhu Lei (朱雷) (*Chairman*)  
Mr. Zhao Zhan (趙展)  
Mr. Jiang Zhongyong (蔣忠永)

[REDACTED]

## CORPORATE INFORMATION

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[REDACTED]

**Compliance Adviser**

**Octal Capital Limited**  
801-805, 8/F  
Nan Fung Tower  
88 Connaught Road Central  
Central, Hong Kong

**Principal Banks**

**Shanghai Pudong Development Bank Co., Ltd., Shenzhen Branch, Buji Sub-Branch**  
Building 1, Area D Xinyi Lishan Yuyuan  
No. 69 Luogang Road  
Longgang District, Shenzhen City  
Guangdong Province  
PRC

**China Merchant Bank Co., Ltd., Shenzhen Branch, Tairan Sub-Branch**  
1/F, Dushi Yangguang Mingyuan  
No. 6017 Shennan Boulevard  
Futian District, Shenzhen City  
Guangdong Province  
PRC

## INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC, which was commissioned by us, and from various official governmental publications and other publicly available publications. We engaged CIC to prepare the CIC report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us or any other parties involved in the [REDACTED], or any of our or their respective directors, senior management representatives, advisers or any other persons involved in the [REDACTED] and no representation is given as to its accuracy.

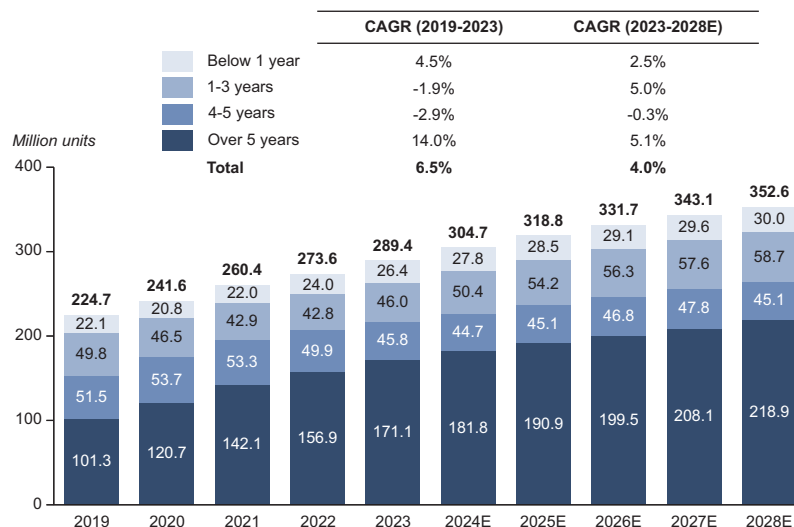
### OVERVIEW OF CHINA’S AUTOMOBILE INDUSTRY AND AUTOMOTIVE AFTERMARKET INDUSTRY

#### Overview of China’s Passenger Vehicle Industry

Given the economic growth and rising personal income levels, the car parc of passenger vehicles in China increased from 224.7 million units to 289.4 million units between 2019 and 2023. With the steady growth of the total car parc of passenger vehicles in China, the composition of passenger cars by vehicle age has been gradually changing, and the average age of passenger vehicles in China is also increasing, growing from 5.4 to 6.6 years old between 2019 and 2023.

Driven by the increasing number of passenger vehicles and their average age, the greater volume of passenger vehicles in China are entering after-sales period, leading to the larger growth of the aftermarket services including auto decoration products and services, UBI renewals, and used car sales assistance.

#### Total parc of passenger vehicles, by vehicle age, China, 2019-2028E



Source: CPCA, CADA, CIC

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## INDUSTRY OVERVIEW

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### *The Trend of Connectivity in China’s Passenger Vehicle Industry*

- **An increased penetration rate of ICVs.** Networking development is an integral part of the China’s passenger vehicle industry. At present, they are mainly reflected in three major elements: 1) L2 and L3 autonomous driving, 2) advanced interactive features, and 3) enhanced service offerings, which will gradually become important determinants for users to purchase cars. With the continuous commercial development of relevant hardware and software, the new generation of technologies will help deepen the development of autonomous driving and meet the strict requirements of active and passive safety. Therefore, the sales volume of ICVs in China is expected to increase from 8.7 million units in 2023 to 15.9 million units in 2028, which will account for over 50% of new car sales in 2028.
- **Integrated upgrades in ICV value chains towards downstream user end.** With the rapid penetration of ICVs and data accumulation from vehicle usage and manufacturing, China’s traditional automobile industry is evolving, giving rise to user-centric business models. This transformation involves the formation of a new industry chain centered around ICVs and the creation of various downstream market segments deriving from new maintenance and usage patterns, including software and services, aftermarket services, and travel services. This continual evolution increases the value contribution to the ICV industry, and also enhances the value and importance of downstream end-users. In China, the total revenue of the ICV industry exceeded RMB1.3 trillion in 2023 and is expected to reach RMB3.2 trillion in 2028, with a CAGR of 19.4%.
- **The increasing importance of software and service.** With the continuous transformation of automobile industry, the extension of applications and functions increases the total consumption for the users during the whole life cycle of automobiles. Besides traditional hardware and vehicle manufacturing, China’s ICV industry also includes more continuous software and value-added service consumption, which will grow to be a core part in the future. Related software and services market size accounted for more than 34% of the overall ICV market in 2023. It is expected to exceed RMB1.3 trillion in 2028 with a CAGR of 24.9%, accounting for about 40% of the total market.
- **Comprehensive application of large-scale models in China’s passenger vehicle industry.** Large-scale models have previously been applied in the autonomous driving and interaction features of ICVs to enhance driving safety and driving experience. With the increasing availability of data, specialised large-scale model in the automotive industry that could be trained from general large-scale model and applied in various scenarios through API interface are gradually maturing and being widely applied to cover the entire lifecycle of ICVs, especially in areas related to user information including automotive sales, aftermarket services and travel services. For automotive sales, specialised large-scale models can conduct personalised marketing and customer relationship management by

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## INDUSTRY OVERVIEW

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precisely analyzing potential customers’ demands, and thereby improving sales efficiency. For aftermarket services, specialised large-scale models could evaluate the usage status of vehicles and provide appropriate solution recommendations based on massive user behavioral data. Additionally, for travel services, specialised large-scale models can assist drivers with route planning or vehicle coordinating to avoid traffic jam and improve travel experience.

- **The in-house development and integration of smart hardware by automobile OEMs.** As technology continuously innovates and consumer demands for personalised and customised vehicles increase, many OEMs have begun to develop smart hardware in-house and directly sell vehicles with integrated hardware, potentially bypassing the aftermarket altogether and offering a complete package to consumers. This means that OEMs may not only offer standalone in-vehicle hardware products but also sell vehicles that come pre-equipped with advanced hardware solutions. This strategy allows OEMs to provide consumers with an integrated experience, including both the vehicle and its embedded hardware, without the need for aftermarket installations. As a result, this direct sale approach from OEMs makes the market more competitive, as consumers may opt for these comprehensive solutions directly from the vehicle manufacturer.

### Overview of China’s Automotive Aftermarket Industry

#### *Definition and Categorisation of Automotive Aftermarket Industry*

The automotive aftermarket industry refers to the collection of all vehicle-related services performed after a car is sold, which includes sales of auto parts and accessories, auto repair and maintenance, auto financing and leasing, auto insurance, and used car market. The automotive aftermarket industry focuses on services provided to passenger vehicles in operation, and the total market demand of automotive services is directly related to factors such as total passenger car parc and average vehicle age.

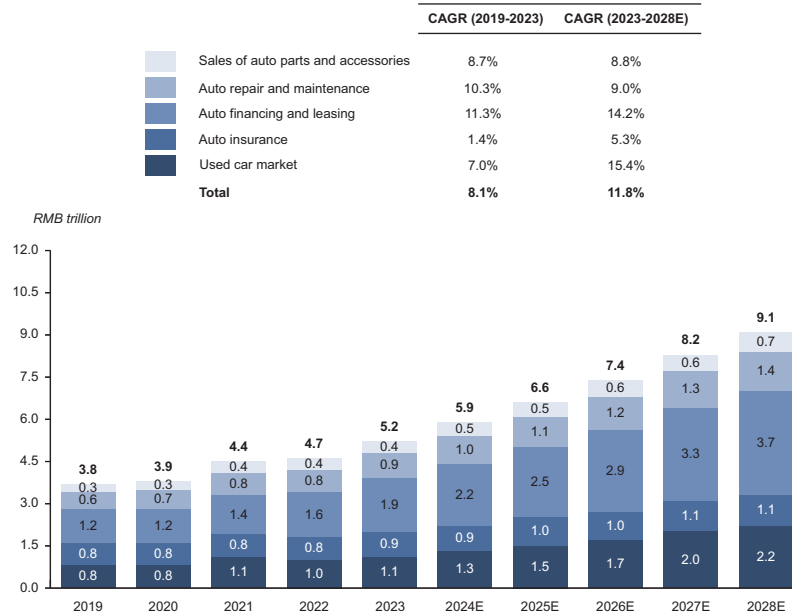
In the midstream value chain of automotive aftermarket industry, the main market players refers to 4S stores, auto parts manufacturers, franchised IAMs etc., which connect the car users in the downstream and OEMs in the upstream. Companies who provide in-vehicle hardware and software products can empower the entire value chain of the automotive aftermarket industry.

#### *Market Size of China’s Automotive Aftermarket Industry*

The market size of the Chinese automotive aftermarket industry grew at a CAGR of 8.1% between 2019 and 2023 and reached RMB5.2 trillion in 2023. Given the positive outlook based on the Chinese economy and increasing car parc of passenger vehicles, the market size of the automotive aftermarket industry is expected to reach RMB9.1 trillion in 2028, representing a CAGR of 11.8% between 2023 and 2028.

## INDUSTRY OVERVIEW

### Market size of the automotive aftermarket, China, 2019-2028E



Source: CPCA, CADA, CIC

### Market Drivers for the Automotive Aftermarket Industry in China

- Increased car parc of passenger vehicles and average vehicle age.** Along with increasing purchasing power and overall consumption upgrade, China’s passenger car parc is expected to reach 352.6 million units by 2028. The increasing passenger car parc leads to increasing vehicle use frequency, as well as total mileage travelled and automotive wear and tear. On the other hand, the average age of passenger vehicles in China is still significantly lower than the level in developed countries, but it is expected to reach 7.2 years old by 2028, leading the average expenditure per vehicle on automotive service to rise. As such, the size of China’s automotive aftermarket industry will continue to flourish in the future.
- Trend of NEV passenger vehicles.** The NEV trend provides a unique opportunity for China’s automotive aftermarket industry. The sales volume of the NEV market rose to 8.9 million units in 2023 and is expected to hit 22.8 million units in 2028. Among NEVs, PHEVs require maintenance of both engine and battery as they use both as the power system, and the annualised expenditure on regular maintenance and repair for a PHEV is approximately 13% higher than that for an ICEV. And BEVs are expected to require additional services such as battery inspection, battery balancing, and battery testing, given the high cost of battery packs. Therefore, from the perspective of NEVs’ entire lifecycle, there will still be considerably significant expenditures allocated to the automotive aftermarket services, especially in maintenance, repair and battery services.



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## INDUSTRY OVERVIEW

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- **Favourable policies and regulations.** Innovative applications for the automotive aftermarket industry will continue to flourish rapidly amid favourable regulations. For example, the China Banking and Insurance Regulatory Commission issued the Guidance on Implementing the Comprehensive Reform of Auto Insurance in 2020 to encourage the development of innovative products such as UBI on new energy vehicles and qualified traditional vehicles. To achieve the goal of carbon emission peaking and carbon neutralisation, the Chinese government has issued several guidelines and schemes, including the New Energy Vehicle Industry Development Plan (2021-2035), and has facilitated the long-term growth of the NEV market. These policies and regulations stimulated the increase in passenger vehicle sales volume and spurred automotive aftermarket growth.

### OVERVIEW OF CONNECTED SERVICES FOR THE AUTOMOTIVE AFTERMARKET INDUSTRY IN CHINA

#### Overview of Connected Services for the Automotive Aftermarket Industry

With the continuous advancement and application of technology, people’s demands and expectations for transportation are constantly increasing. In addition, the government has also provided strong support for the development of ICVs. Therefore, the trend towards connectivity in automobiles is inevitable in the future.

Connected services for the automotive aftermarket industry can connect vehicles to the internet through in-vehicle hardware products, and SaaS marketing and management services, enabling customers with more comprehensive and efficient services.

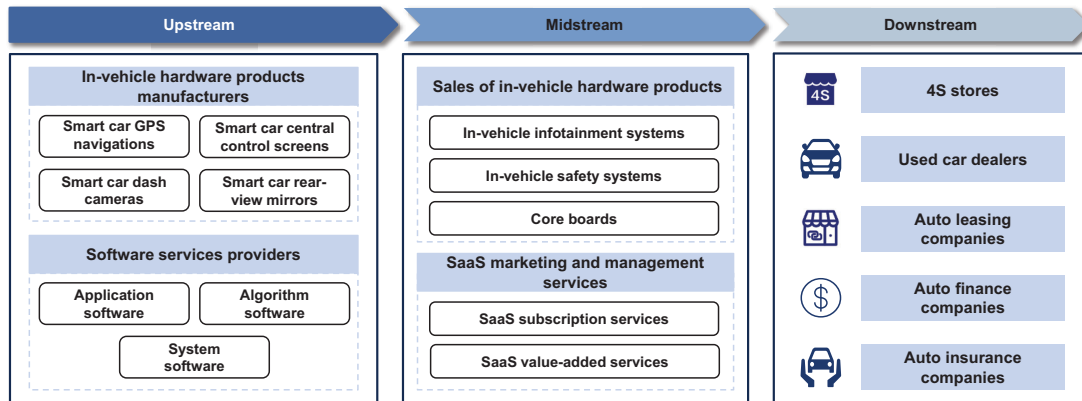
#### ***Definition and Categorisation of Connected Services for the Automotive Aftermarket Industry***

Connected services refer to connecting vehicles with the Internet and providing comprehensive hardware products, software services, and value-added services for customers such as 4S stores, auto insurance companies, auto finance and leasing companies, and used car dealers in the automotive aftermarket industry. Specifically, connected services for the automotive aftermarket industry comprise sales of in-vehicle hardware products that can connect vehicles to the internet, and SaaS marketing and management services. These SaaS marketing and management services are designed to connect 4S stores with car users, facilitating direct customer reach, user management and precise marketing. In addition, they can also be applied to scenarios such as vehicle rescue, remote vehicle fault diagnosis, and subscription services for customers.

## INDUSTRY OVERVIEW

The value chain of connected services for the automotive aftermarket industry is illustrated below. Connected services providers for the automotive aftermarket industry are positioned in the midstream, playing a crucial role in connecting and coordinating between the upstream and the downstream.

### Value chain of the connected services for the automobile aftermarket industry



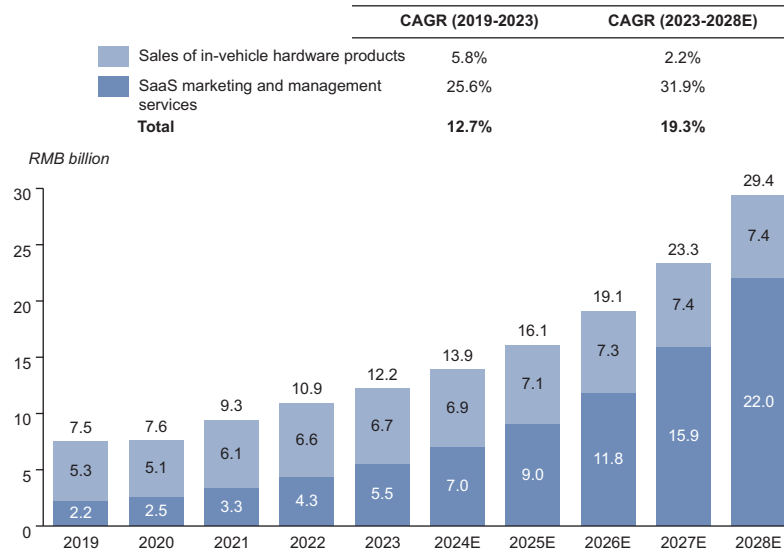
Source: CIC

### **Market Size of Connected Services for the Automotive Aftermarket Industry**

Connected services for the automotive aftermarket industry have experienced rapid development under the promotion of the continuous improvement and development of the ICVs. As a result, the total revenue of China’s connected services for the automotive aftermarket industry increased from RMB7.5 billion in 2019 to RMB12.2 billion in 2023 at a CAGR of 12.7%. In the future, connected services for the automotive aftermarket industry will have broader and deeper application scenarios, especially maintenance, used car sales service, and UBI renewal. Therefore, the total revenue of connected services for the automotive aftermarket industry is expected to reach RMB29.4 billion in 2028, with a CAGR of 19.3% from 2023 to 2028.

## INDUSTRY OVERVIEW

### Total revenue of connected services for the automotive aftermarket industry, China, 2019-2028E



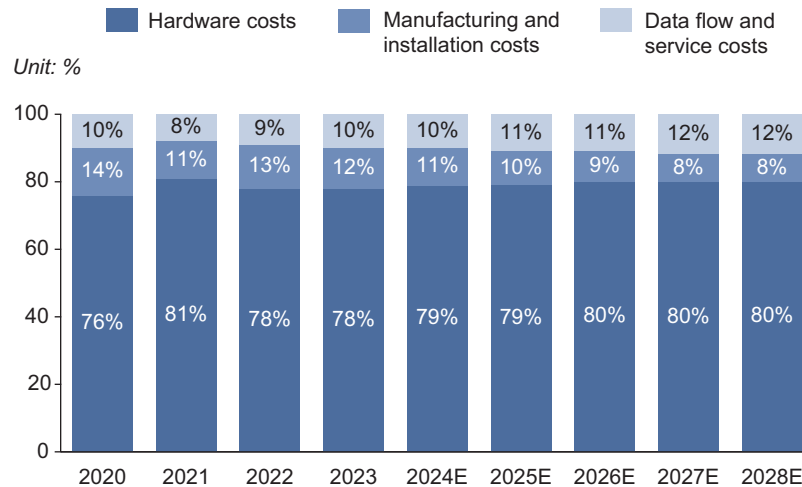
Source: CPCA, CADA, NBSC, MIIT, CBIRC, CIC

Connected services for the automotive aftermarket industry are facing prosperous development opportunities. The continuous improvement and application of advanced technology have not only improved the automotive industry’s service level and user experience but also provided strong support for developing connected services including sales of in-vehicle hardware products, and SaaS marketing and management services, for the automotive aftermarket industry.

The cost structure of connected services providers in the automotive aftermarket industry in China mainly primarily consists of costs of hardware, installation costs, as well as data traffic and cost of services, accounting for approximately 78%, 12%, and 10% of the total cost in 2023, respectively. Due to the impact of the global chip shortage, the cost of hardware manufacturing has increased, resulting in a sustained rise in the selling prices of hardware. In this trend, it is expected that the proportion of costs of hardware for the connected services providers in the automotive aftermarket industry will continue to increase.

## INDUSTRY OVERVIEW

### The cost structure of connected services providers in the automotive aftermarket industry, 2020-2028E



Source: CIC

### Market Drivers of Connected Services for the Automotive Aftermarket Industry in China

- Increased demand for online transformation of marketing and management.** Stores in the automotive aftermarket industry are facing ever-increasing costs of customer acquisition from public domain. As a result of that, stores in the automotive aftermarket industry have focused on private domain operations to enhance customer loyalty and improve customer retention rates by leveraging SaaS marketing and management services, such as incorporating live streaming promotions into their marketing strategy, investing in digital customer relationship management systems, and employing private domain data collection to achieve precision marketing.
- Expanding the business scope of connected services.** Stores in the automotive aftermarket industry have expanded their business scope via sales of in-vehicle hardware products and SaaS marketing and management services, to satisfy customer demand for evolving aftermarket services, including auto decoration products and UBI insurance services. These reformations from both the business (car & store) side and consumer (driver) side significantly improve the after-sales ability of stores in the automotive aftermarket industry. As a result, these evolving businesses have brought a new model of SaaS value-added services to enhance the efficiency and profitability of the stores in the automotive aftermarket industry.

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## INDUSTRY OVERVIEW

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- **Favourable policies and regulations.** The application of connected services for the automotive aftermarket industry will continue to enhance rapidly amid favourable regulations. For example, in October 2023, the Ministry of Commerce, along with eight other departments, jointly issued *the Guidelines on Promoting High-Quality Development of the Automotive Aftermarket*, aimed at optimising the distribution environment for auto parts and accessories and enhancing digital service capabilities in automotive repair. Furthermore, in January 2024, the Ministry of Industry and Information Technology, together with four other departments, issued *the Notice on Carrying Out the Pilot Work on ICVs "Vehicle-Road-Cloud Integration" Applications*, which seeks to improve the connectivity rate of vehicles and support enhanced communication between vehicle terminals and city-level platforms.

### ***Entry Barriers and Challenges of Connected Services for the Automotive Aftermarket Industry in China***

Despite tremendous market opportunities, connected services providers face specific entry barriers primarily related to technological capabilities, abilities of client acquisition and management, and development of skilled talents. Firstly, these connected services providers require robust technological capabilities and data accumulation to improve connectivity for 4S stores. Besides, to expand their business presence, newcomers must overcome relatively high marketing costs associated with attracting clients away from other companies. Additionally, connected services providers must employ experienced technical professionals and train an effective offline sales force to address the evolving demands in technical services and sales channels.

Connected services providers may face several challenges when serving connected services for 4S stores. First of all, data security vulnerabilities may impact the implementation of remote control functions in the automotive aftermarket industry. Furthermore, car drivers generally concern personal privacy issues when choosing connected services and are usually unwilling to have their personal data recorded, collected, and transmitted by smart in-vehicle devices and auto apps. This necessitates connected service providers to establish proper limits on the collection of user data by platforms. On the other hand, connected services providers also need to resolve the challenge that decentralised APP platforms are unable to integrate information from other APP platforms to create comprehensive user profiles.

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## INDUSTRY OVERVIEW

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### **Overview of Sales of In-Vehicle Hardware Products for the Automotive Aftermarket Industry**

#### ***Definition and Categorisation of Sales of In-Vehicle Hardware Products for the Automotive Aftermarket Industry***

Sales of in-vehicle hardware products refer to smart in-vehicle hardware products and related car modules connected via the Internet. Smart in-vehicle hardware products can be categorised as 1) in-vehicle infotainment systems, such as smart car GPS navigations and smart car central control screens, 2) in-vehicle safety systems, such as smart car dash cameras and smart car rear-view mirrors, and related car modules refer to 3) core boards.

#### ***Market Size of Sales of In-Vehicle Hardware Products for the Automotive Aftermarket Industry***

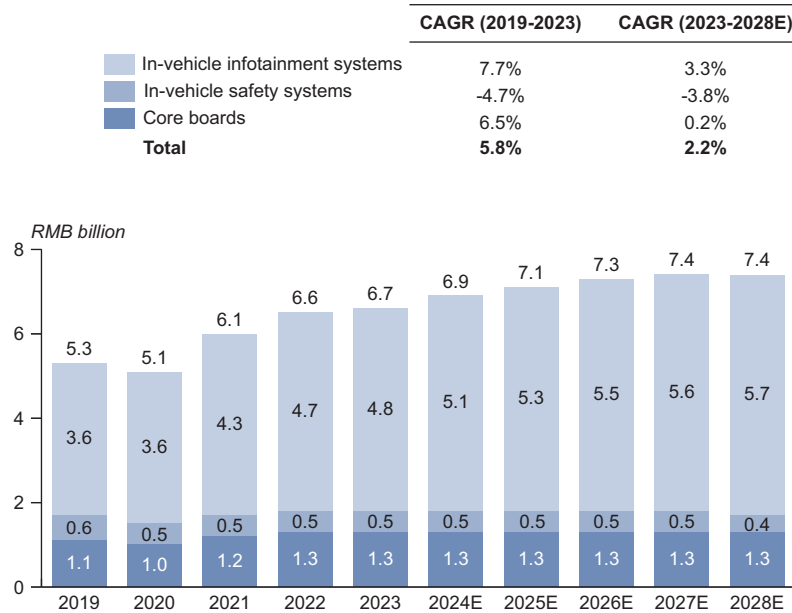
Given the continuous increase of car parc in China, sales of in-vehicle hardware products for the automotive aftermarket industry experienced synchronous growth between 2019 and 2023. The total revenue of sales of in-vehicle hardware products for the automotive aftermarket industry increased from RMB5.3 billion in 2019 to RMB6.7 billion in 2023 at a CAGR of 5.8%.

Since the pandemic in 2020, car owners have emphasised the convenience and safety-related benefits of smart in-vehicle hardware products and become inclined to embrace in-vehicle hardware products, increasing the penetration rate of in-vehicle hardware products for the automotive aftermarket industry. Furthermore, the smart car central control screen has shown a trend of integration, launching all-in-one products with GPS navigation and driving record functions. As a result, the total revenue of sales of in-vehicle hardware products for the automotive aftermarket industry is expected to increase from RMB6.7 billion in 2023 to RMB7.4 billion in 2028 at a CAGR of 2.2%.

The in-vehicle infotainment systems and in-vehicle safety systems are primarily installed in ICEVs and are sold to car users through 4S stores or other aftermarket channels. These systems are mainly supplied to joint-venture OEMs between multinational brands and domestic brands and domestic brand OEMs, and can be customised according to the specific needs of different vehicle brands and models, allowing for installation across various brands and models. In 2023, joint-venture and domestic brands collectively accounted for 87.0% of the overall automotive market share in China in terms of new vehicle sales volume, and are expected to reach 91.7% in 2028. Additionally, while most vehicle manufacturers pre-install hardware products, the majority of vehicle models, especially mid-range and low-end vehicle models, are installed with basic hardware products, which are different from the more advanced in-vehicle hardware products sold in the automotive aftermarket. On these bases, the market for sales of in-vehicle hardware products is expected to continue its growth in the following five years.

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### Total revenue of sales of in-vehicle hardware products for the automotive aftermarket industry, China, 2019-2028E



Source: CPCA, CADA, NBSC, MIIT, CIC

Notes:

- (1) In-vehicle infotainment systems include smart car GPS navigations and smart car central control screens.
- (2) In-vehicle safety systems include smart car dash cameras and smart car rear-view mirrors.

### **Market Drivers of Sales of In-Vehicle Hardware Products for the Automotive Aftermarket Industry in China**

The growth of sales of in-vehicle hardware products for the automotive aftermarket industry is driven by factors such as the innovation of vehicle, expansion of connection service scenarios, along with protection and advocacy from policies and regulations. These dynamic factors are primarily driving the widespread adoption and development of sales of in-vehicle hardware products for the automotive aftermarket industry, meanwhile ensuring the security and privacy of personal user information.

### **Entry Barriers and Challenges of Sales of In-Vehicle Hardware Products for the Automotive Aftermarket Industry in China**

The entry barriers of sales of in-vehicle hardware products are relatively high for new market players in the automotive aftermarket industry. Firstly, the implementation of sales of in-vehicle hardware products involves intricate technologies such as data analytics and software integration. However, new entrants may lack of technical accumulation and talent. Furthermore, developing such technologies would require significant investments and funding, which could be a barrier for new entrants. Meanwhile, growing customer base and increasing customer engagement can be difficult for new entrants because of their relatively weak market influence.

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Additionally, the market challenges and threats confronting sales of in-vehicle hardware products for the automotive aftermarket industry involve personal user data security, technological evolution and competitiveness, resource allocation and user experience. Thus, market players seeking to provide sales of in-vehicle hardware products for the automotive aftermarket industry need to overcome these obstacles to achieve more sustainable development.

### **Overview of SaaS Marketing and Management Services for the Automotive Aftermarket Industry**

#### ***Definition and Categorisation of SaaS Marketing and Management Services for the Automotive Aftermarket Industry***

SaaS marketing and management services refer to SaaS subscription services and SaaS value-added services related to marketing activities such as acquiring, activating, converting, managing, and retaining customers, and management activities such as financial, personnel, process, risk management and data management via online measures. SaaS subscription services refer to regular software services on marketing and management business module for the automotive aftermarket industry. Specifically, SaaS marketing software services generally include CRM/SCRM, Customer Data Platform (CDP), and DMS, and SaaS management software services generally include ERP, OA, and DMP. SaaS value-added services refer to online traffic referral and offline third-party store operation for 4S stores' service lines, including auto decoration products and services, UBI renewals, etc.

The importance of software and services is increasing with the rapid development of China's ICV industry. 4S stores, auto insurance companies, auto finance and leasing companies, and used car dealers also need to continuously invest in SaaS marketing and management services to grow their business. Through online appointment, regular maintenance reminders and vehicle management, they can provide more comprehensive and efficient services, improve customer satisfaction and loyalty, and achieve long-term business development goals.

#### ***Market size of SaaS Marketing and Management Services for the Automotive Aftermarket Industry***

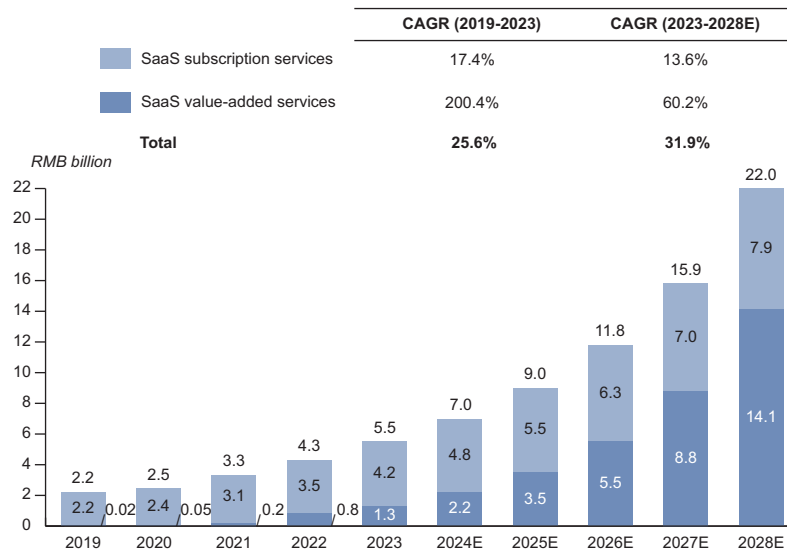
Since the outbreak of COVID-19, growing numbers of stores in the automotive aftermarket industry have begun embracing SaaS marketing and management services, increasing from approximately 0.1 million in 2019 to 0.3 million in 2023. As a result, the total revenue of China's SaaS marketing and management services for the automotive aftermarket industry increased from RMB2.2 billion in 2019 to RMB5.5 billion in 2023 at a CAGR of 25.6%. Driven by the constantly growing market size of the automotive aftermarket service market and their stores' increasing budgets for SaaS marketing and management services, the total revenue of SaaS marketing and management services for the automotive aftermarket industry is projected to grow from RMB5.5 billion in 2023 to RMB22.0 billion in 2028 at a CAGR of 31.9%.



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With the increasing varieties of 4S stores’ value-added service lines and complexity of SaaS marketing and management software services for stores in the automotive aftermarket industry, 4S stores have shown the growing demand for the SaaS value-added services since the outbreak of COVID-19. Therefore, as an innovative business model for the automotive aftermarket industry, the SaaS value-added services’ total revenue reached RMB1.3 billion in 2023 and is projected to reach RMB14.1 billion in 2028 at a CAGR of 60.2% from 2023 to 2028.

### Total revenue of SaaS marketing and management services for the automotive aftermarket industry, 2019-2028E



Source: CPCA, CADA, CBIRC, CIC

Notes:

- (1) SaaS subscription services refer to regular software services on marketing and management business module for the automotive aftermarket industry.
- (2) SaaS value-added services refer to online traffic referral and offline third-party store operation for 4S stores’ service lines, including auto decoration products and services, UBI renewals, etc.

Along with the transformation and upgrading of SaaS marketing services, more 4S stores are establishing their own private domain platforms, where the 4S stores manage their relationships with customers via their own online channels by themselves. However, they are still facing the pain points of low effectiveness of their private domain operation such as ineffective marketing activities, high customer acquisition costs, and low customer conversion rate and customer loyalty, which can be tackled by more innovative value-added services including online traffic referral and offline third-party store operation. Furthermore, these value-added services are expected to further expand to more business scenarios such as NEV purchase/upgrade, used car sales service, and auto finance service referrals in response to the product selection preferences of car users in different life cycles. These can attract more customers,

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efficiently generating more revenue and increasing gross profit margins for 4S stores, auto insurance companies, auto finance and leasing companies, and used car dealers in the automotive aftermarket industry.

The various value-added services offerings in the automotive aftermarket industry are playing an increasingly important role in facilitating the transaction processes with automotive aftermarket products and services and enhancing consumer loyalty. Thus these value-added services are increasingly adopted by more connected services providers to construct the digital customer operation capabilities to further improve the efficiency of digital marketing services. As the market evolves, it is anticipated that more connected services providers for the automotive aftermarket industry will further expand their business to offer a greater variety of value-added services to satisfy consumers' needs throughout the different stages of automotive aftermarket service cycles.

### ***Market Drivers of SaaS Marketing and Management Services for the Automotive Aftermarket Industry in China***

The factors such as increasing demands for digital consumption, tendency of cloud services and iteration of digital technology are driving the growth of SaaS marketing and management services for the automotive aftermarket industry. In addition, Chinese government agencies have introduced a series of favorable policies and regulations, such as *Migrating to Cloud, Using Digital Tools, and Empowering through Technology' and Fostering the Development of the New Economy*, and the E-Commerce Development Plan for the “14th Five-Year Plan” Period. These policies and regulations are aimed at building a digital industry chain, and encouraging businesses to engage in precision marketing in compliance with the law, thereby comprehensively enhancing production and sales efficiency. Overall, these market drivers can motivate market players to elevate customer relationship management and align with the industry dynamics and standards.

### ***Entry Barriers and Challenges of SaaS Marketing and Management Services for the Automotive Aftermarket Industry in China***

The entry barriers faced by SaaS marketing and management services for the automotive aftermarket industry encompass technological limitations and data coverage, high initial investment, and customer adoption acquisition. These combined obstacles can present formidable challenges for newcomers attempting to enter the market.

Furthermore, many challenges still exist in the SaaS marketing and management services for the automotive aftermarket industry. For example, due to the evolving digital technology, market players must prioritise continuously learning and adaptation to ensure the effectiveness of their solutions. Meanwhile, concerns on user data privacy and security, and cybersecurity vulnerabilities are important challenges for the SaaS marketing and management services for the automotive aftermarket industry.

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### COMPETITIVE LANDSCAPE OF CONNECTED SERVICES FOR THE AUTOMOTIVE AFTERMARKET INDUSTRY IN CHINA

In 2023, the connected services for the automotive aftermarket industry represented an insignificant portion of the overall automotive aftermarket sector, constituting approximately 0.9% of the total market share in terms of revenue. The market of connected services for the automotive aftermarket industry in China is relatively fragmented, with the top five connected services providers for the automotive aftermarket industry representing approximately 14.9% of the market in 2023. The connected services for the automotive aftermarket require advanced hardware and software technologies, as well as extensive data processing and cloud computing capabilities, which demand for professional technical teams and substantial financial support. This results in a high market entry barrier. However, due to the enormous potential of the market, numerous innovative companies and start-ups have emerged, leading to a relatively fragmented nature in the connected services for the automotive aftermarket industry. Several types of players are currently operating in the market, and specialist connected services providers have distinct competitive advantages in terms of strong technical capability and industry insights in the automotive aftermarket industry.

The Company covers SaaS marketing and management services and sales of in-vehicle hardware products, with expertise in serving clients in the automotive aftermarket industry such as 4S stores, auto finance and leasing companies, and other aftermarket services providers. In 2023, the Company ranked first among connected services providers for the automotive aftermarket industry in China in terms of total revenue generated from connected services for the automotive aftermarket industry.

The following table sets forth the ranking of connected services providers in terms of revenue generated from connected services for the automotive aftermarket industry in 2023.

#### Ranking of the top five connected services providers for the automotive aftermarket industry by revenue, China, 2023

Ranking	Company	Revenue generated from connected services for the automotive aftermarket industry, 2023 (RMB billion)	Market share <sup>(5)</sup> (%)
1 . . . . .	<b>The Company</b>	<b>0.56</b>	<b>4.6%</b>
2 . . . . .	Company A <sup>(1)</sup>	0.33	2.7%
3 . . . . .	Company B <sup>(2)</sup>	0.32	2.6%
4 . . . . .	Company C <sup>(3)</sup>	0.30	2.5%
5 . . . . .	Company D <sup>(4)</sup>	0.30	2.5%
	<b>Top five sub-total</b>	<b>1.81</b>	<b>14.9%</b>
	<b>Total</b>	<b>12.16</b>	<b>100.0%</b>

Source: Annual reports, CIC

## INDUSTRY OVERVIEW

*Notes:*

- (1) Company A is a public company founded in 2003. It focuses on customers in the automotive industry, such as OEMs and dealers, to provide digital solutions, cloud services, software and professional services in the field of marketing and automotive aftermarket, and to build a digital ecosystem platform for upstream, downstream and cross-industry integration of the automotive industry chain.
- (2) Company B is a public company founded in 2002. It primarily focuses on providing digital map services and other customised connected vehicle solutions for passenger and commercial vehicles. Its connected services products can meet the differentiated needs of vehicles in various application scenarios, including vehicle positioning and safety management-related requirements such as vehicle condition monitoring and driver behavior monitoring.
- (3) Company C is a public company founded in 2000. It delivers information technology solutions to the automotive industry and is engaged in the research, development, and production of various auto parts products. It offers comprehensive connected services for aftermarket automotive companies to enhance their efficiency, and provides personalised and valuable car services to users, achieving precise outreach through digital means.
- (4) Company D is a proposed listed company founded in 2009 and has been approved by China Securities Regulatory Commission. It provides intelligent terminal products and supporting solutions for many application scenarios of Internet of thing. Its products are mainly applied in three major fields, namely automotive aftermarket, travelling and payment hardware.
- (5) Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

The following table sets forth the ranking of sales of in-vehicle hardware products providers in terms of revenue generated from sales of in-vehicle hardware products for the automotive aftermarket industry in 2023.

### Ranking of the top five sales of in-vehicle hardware products providers for the automotive aftermarket industry by revenue, China, 2023

Ranking	Company	Revenue generated from sales of in-vehicle hardware products for the automotive aftermarket industry, 2023 (RMB billion)	Market share <sup>(3)</sup> (%)
1	Company B	0.32	4.8%
2	Company D	0.30	4.6%
<b>3</b>	<b>The Company</b>	<b>0.23</b>	<b>3.4%</b>
4	Company E <sup>(1)</sup>	0.22	3.3%
5	Company F <sup>(2)</sup>	0.11	1.6%
	<b>Top five sub-total</b>	<b>1.18</b>	<b>17.7%</b>
	<b>Total</b>	<b>6.66</b>	<b>100.0%</b>

*Source: Annual reports, CIC*

## INDUSTRY OVERVIEW

*Notes:*

- (1) Company E is a public company founded in 1997. It primarily provides hardware and software services for connected vehicles, and is committed to providing convenient driving solutions for global customers. It owns the automotive connected cloud platform, providing data processing and business management services for aftermarket vehicles.
- (2) Company F is a public company founded in 2006. It focuses on intelligent driving and world-leading automotive electronic solutions, and its business covers automotive intelligent cockpit, intelligent assisted driving, intelligent internet connection, and provides smart car dash camera, smart car rear-view mirror and other products for the automotive aftermarket.
- (3) Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

The following table sets forth the ranking of SaaS marketing and management services providers in terms of revenue generated from SaaS marketing and management services for the automotive aftermarket industry in 2023.

### Ranking of the top five SaaS marketing and management services providers for the automotive aftermarket industry by revenue, China, 2023

Ranking	Company	Revenue generated from SaaS marketing and management services for the automotive aftermarket industry, 2023 (RMB billion)	Market share <sup>(3)</sup> (%)
1 . . . . .	<b>The Company</b>	<b>0.33</b>	<b>6.1%</b>
2 . . . . .	Company A	0.31	5.6%
3 . . . . .	Company C	0.26	4.8%
4 . . . . .	Company G <sup>(1)</sup>	0.16	3.0%
5 . . . . .	Company H <sup>(2)</sup>	0.10	1.8%
	<b>Top five sub-total</b>	<b>1.17</b>	<b>21.3%</b>
	<b>Total</b>	<b>5.49</b>	<b>100.0%</b>

*Source: Annual reports, CIC*

*Notes:*

- (1) Company G is a private company founded in 2002. It provides digitalisation service for the automotive industry, including auto parts products, connected vehicle software, and related services. Its full scenario SaaS marketing and management services provides services such as platform operation and operation capacity building around the whole life cycle of users.

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- (2) Company H is a public company founded in 2015. It provides software and related services for the automotive industry and operates primarily through ERP business, cloud services, etc. It has provided comprehensive services to automotive dealer groups to assist them in achieving precision management and innovation in their profit models.
- (3) Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

### Entry Barriers for Connected Services in the Automotive Aftermarket Industry

- **Technology capability and data accumulation.** As increasingly vast amounts of data are generated from various machines and devices, while the research and development of data models and machine learning can take significant time, which represents a major barrier to new market entrants.
- **Marketing channels and client resources.** Establishing effective sales and marketing channels is crucial for connected services providers to reach, serve, and retain clients in the automotive aftermarket industry. To expand business scale, new entrants must also overcome high costs to attract clients from other companies.
- **Professional talent acquisition.** Market players must have both experienced technical employees and effective offline sales force to meet evolving needs in technical services and sales channels. This requisite weakens the competitiveness of new entrants in the connected services market for the automotive aftermarket industry.

### SOURCES OF INFORMATION

This section contains information extracted from the CIC Report, independently prepared by CIC, which we have commissioned for this document. We expect to pay CIC a total of RMB1,047,000 for the CIC Report and our use thereof. CIC is a consulting company established in Hong Kong that provides industry consulting services, commercial due diligence, and strategic consulting services for various industries.

CIC undertook primary and secondary research using various resources to construct this report. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analysing data from various publicly available sources, including the National Bureau of Statistics of China, China Automobile Dealers Association, China Passenger Car Association, etc. The information and data collected by CIC have been analysed, assessed, and validated using CIC's in-house analysis models and techniques. The methodology used by CIC is based on information gathered from multiple levels, which allows for such information to be cross-referenced for reliability and accuracy.

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CIC prepared its report on the following basis and assumptions for historical data and projections:

- (i) The overall social, economic, and political environment is expected to maintain a stable trend over the next decade; (i) according to the National Bureau of Statistics and the International Monetary Fund (IMF), China’s and the global nominal GDP is expected to maintain a CAGR of 5.8% and 4.7% from 2023 to 2033, respectively; (ii) the PRC’s social, economic, and political environment is likely to remain stable in the forecast period with a series of policies by Chinese government to maintain the stability of social, economic and political environment, such as the “14th Five-Year Plan (十四五規劃)” approved in March 2021 which proposed that the main objectives of economic and social development during the 14th Five-Year Plan period include obtaining new achievements in economic development and improving effectiveness of national governance, and the report made in the 20th National Congress of the Communist Party of China in October 2022 which proposed that Chinese government is dedicated to promoting high-quality economic development and safeguarding national security and social stability;
- (ii) Related key industry drivers are likely to continue driving growth in the automobile market during the forecast period, including favourable policies, increasing demand from consumers for digital channels and solutions, and continuous technology upgrades; and
- (iii) There is no extreme force majeure or industry regulations by which the market situation may be affected dramatically or fundamentally.

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Our business has been and will continue to be governed in accordance with the relevant Chinese laws and regulations, which were promulgated and implemented by Chinese government authorities, including national and local laws and regulations. A summary of the regulatory and legal requirements currently related to our Group’s business are set out in this section. As laws and regulations may change, it is difficult for us to predict the impact of such changes on our business and the additional compliance costs.

### REGULATIONS REGARDING FOREIGN INVESTMENT

On 1 January 2020, the Foreign Investment Law of the PRC (the “Foreign Investment Law,” 《中華人民共和國外商投資法》) and the Regulations for Implementation of the Foreign Investment Law of the PRC (the “Implementation Regulations of Foreign Investment Law,” 《中華人民共和國外商投資法實施條例》) came into effect and became the principal laws and regulations governing foreign investment in the PRC, replacing the trio of prior laws regulating foreign investment in the PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》), the Sino-foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》) and the Wholly Foreign-invested Enterprise Law of the PRC (《中華人民共和國外資企業法》), together with their implementation rules and ancillary regulations.

According to the Foreign Investment Law, “foreign investment” refers to the investment activities conducted directly or indirectly by foreign individuals, enterprises or other entities in the PRC, including the following circumstances: (i) the establishment of foreign-invested enterprises in the PRC by foreign investors solely or jointly with other investors, (ii) a foreign investors’ acquisition of shares, equity interests, property portions or other similar rights and interests of enterprises in the PRC, (iii) investment in new projects in the PRC by foreign investors solely or jointly with other investors, and (iv) investments made by foreign investors through means stipulated in laws or administrative regulations or other methods prescribed by the State Council.

Pursuant to the Foreign Investment Law, the PRC has adopted a reformed system with respect to foreign investment administration, under which the Chinese government applies national treatment to foreign investors in terms of investment entry and the foreign investor needs to comply with the requirements as provided in the negative list for foreign investment. The negative list will be issued by, amended or released upon approval by the State Council, from time to time. The negative list will consist of a list of industries in which foreign investments are prohibited and a list of industries in which foreign investments are restricted. Foreign investors will be prohibited from making investments in prohibited industries, while foreign investments must satisfy certain conditions stipulated in the negative list for investments in restricted industries. Foreign investments and domestic investments in industries outside the scope of the prohibited



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industries and restricted industries stipulated in the negative list will be treated equally. Any foreign-invested enterprise established prior to the effectiveness of the Foreign Investment Law may maintain its original corporate forms for a period of five years after 1 January 2020.

On 31 December 2019, the Ministry of Commerce of the PRC (the “MOFCOM”) and the State Administration of Market Regulation (the “SAMR”) jointly promulgated the Measures for Information Reporting on Foreign Investment (《外商投資信息報告辦法》), which became effective on 1 January 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor directly or indirectly carries out investment activities in the PRC, the foreign investor or the foreign-invested enterprise must submit the investment information to the competent commerce department for further handling.

On 19 December 2020, the National Development and Reform Commission (the “NDRC”) and the MOFCOM promulgated the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》), which came into effect on 18 January 2021. The NDRC and the MOFCOM have established a Working Mechanism Office under the NDRC in charge of the security review of foreign investment. The Measures for the Security Review of Foreign Investment defines foreign investment as direct or indirect investment by foreign investors in the PRC, which includes (i) investment in new onshore projects or establishment of wholly foreign-owned companies or joint ventures with foreign investors; (ii) acquiring equity or asset of onshore companies by merger and acquisition; and (iii) onshore investment by and through any other means. Investment in certain key areas with bearing on national security, such as important cultural products and services, important information technology and internet services and products, key technologies and other important areas with bearing on national security which results in the acquisition of *de facto* control of investee companies, shall be filed with the Working Mechanism Office before such investment is carried out. What may constitute “onshore investment by and through any other means” or “*de facto* control” could be broadly interpreted under such measures.

### REGULATIONS REGARDING THE VALUE-ADDED TELECOMMUNICATIONS SERVICES AND INTERNET CONTENT SERVICES

#### Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (the “Telecommunications Regulations,” 《中華人民共和國電信條例》), which was promulgated by the State Council on 25 September 2000 and most recently amended on 6 February 2016 categorise all telecommunication businesses in the PRC as either basic or value-added. Pursuant to the Telecommunications Regulations, commercial operators of value-added telecommunications services must first obtain a Value-Added Telecommunication Business Operating License from the Ministry of Industry and Information Technology of the PRC (the “MIIT”) or its provincial level counterparts. The Administrative Measures for

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Telecommunication Business Operating License (《電信業務經營許可管理辦法》), promulgated by the MIIT with latest amendments becoming effective on 1 September 2017, set forth the types of licenses required for value-added telecommunications services and the qualifications and procedures for obtaining such licenses. For example, a value-added telecommunications service operator providing commercial value-added services in multiple provinces is required to obtain an inter-regional license, whereas a value-added telecommunications service operator providing the same services in one province is required to obtain a local license.

### **Internet Information Service**

Internet information service is a type of value-added telecommunications service in the current catalog, the Catalog of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations, as last updated by the MIIT on 6 June 2019. Pursuant to the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》), which was promulgated by the State Council on 25 September 2000, and amended on 8 January 2011, “internet information services” refers to the provision of information through the internet to online users, and they are categorised into “commercial internet information services” and “non-commercial internet information services.” A commercial internet information services operator must obtain a value-added telecommunications services license for internet information services, which is known as an ICP License, from the relevant government authorities before engaging in any commercial internet information services operations. No ICP License is required if the operator will only provide internet information on a non-commercial basis. According to the Administrative Measures for Telecommunication Business Operating License, an ICP License has a term of five years and can be renewed within 90 days before expiration.

In addition, the provision of commercial internet information services on mobile internet applications is regulated by the Administrative Provisions on Information Services of Mobile Internet Applications (the “Mobile Application Administrative Provisions,” 《移動互聯網應用程序信息服務管理規定》), which was promulgated by the State Internet Information Office on 28 June 2016 and took effect on 1 August 2016, as last amended on 1 August 2022. The information service providers of mobile internet applications are subject to requirements under these provisions, including acquiring the qualifications required by laws and regulations and being responsible for information security.

### **Restrictions on Foreign Ownership in Value-Added Telecommunications Services**

Pursuant to the Provisions on Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council with the latest amendments becoming effective on 1 May 2022, the ultimate foreign equity ownership in a value-added telecommunications service provider, which also applies to the internet information service provider, must not exceed

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50%; unless otherwise stipulated by laws. Foreign investors that meet these requirements must be subject to the review to obtain approvals from the MIIT and the MOFCOM (or the MOFCOM's authorised local counterparts).

A Notice on Intensifying the Administration of Foreign Investment in Value-Added Telecommunications Services (《關於加強外商投資經營增值電信業務管理的通知》), issued by the MIIT on 13 July 2006, prohibits domestic telecommunication service providers from leasing, transferring or selling Telecommunication Business Operating Licenses to any foreign investor in any form, or providing any resources, sites or facilities to any foreign investor for their illegal operation of a telecommunication business in the PRC. Pursuant to this notice, either the holder of a Value-Added Telecommunication Business Operating License or its shareholders must directly own the domain names and trademarks used by such license holder in its provision of value-added telecommunications services. The notice further requires each license holder to have the necessary facilities, including servers, for its approved business operations and to maintain the facilities in the regions covered by its license. If a license holder fails to comply with the requirements in the notice or cure any non-compliance, the MIIT or its local counterparts have the discretion to take measures against the license holder, including revoking its Value-added Telecommunication Business Operating License. Based on the Notice regarding the Strengthening of Ongoing and Post Administration of Foreign Investment Telecommunication Enterprises (《關於加強外商投資電信企業事中事後監管的通知》) issued by MIIT in October 2020, the MIIT would no longer issue Examination Letter for Foreign Investment in Telecommunication Business (《外商投資經營電信業務審定意見書》). Foreign invested enterprises would need to submit relevant foreign investment materials to MIIT for the establishment or change of telecommunication operating permits.

### Regulations on Internet Map Services

According to the Administrative Measures of Surveying Qualification Certificate (《測繪資質管理辦法》) issues by the Ministry of Natural Resources with the latest amendments becoming effective on 1 July 2021, the provision of internet map services by any non-surveying and mapping enterprise is subject to the approval of the local competent natural resources department and requires a Surveying and Mapping Qualification Certificate. Internet maps refer to maps called or transmitted through the internet. Pursuant to the Notice on Further Strengthening the Administration of Internet Map Services Qualification (《關於進一步加強互聯網地圖服務資質管理工作的通知》) issued by the National Administration of Surveying, Mapping and Geo-information on 23 December 2011, any entity without a Surveying and Mapping Qualification Certificate for internet map services is prohibited from providing any internet map services. According to the Provisions on the Administration of Examination of Maps (《地圖審核管理規定》) most recently amended on 24 July 2019, subject to limited exceptions, an enterprise must first apply for an approval by the relevant regulatory authority, if it intends to engage in any of the following activities: (i) publication, display, production, posting, import or export of a map or a product attached with a map graphics, (ii) re-publication,

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re-display, re-production, re-posting, re-import or re-export of a map or a product attached with map graphics that the content of which have been changed after being approved; and (iii) publication or display of a map or a product attached with a map graphics overseas. The operator of an approved internet map is required to file the updated contents of the map with the relevant regulatory authority semi-annually, and re-apply for a new approval of the map when the two-year term of the existing approval expires. According to the Interim Measures for the Administration of the Surveying and Mapping Conducted by Foreign Organizations or Individuals in China (外國的組織或者個人來華測繪管理暫行辦法) issued by the the Ministry of Natural Resources most recently amended on on 16 June 2019, foreign organisations or individuals shall conduct surveying and mapping activities within the territory of the People's Republic of China by cooperating with the relevant departments or entities of the People's Republic of China in the form of joint venture or cooperation according to law. The natural resources department under the State Council and the army surveying and mapping department shall be responsible for the examination and approval of the surveying and mapping activities in China.

## REGULATIONS REGARDING PRODUCT QUALITY AND TORT LIABILITY

### Product Quality

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "SCNPC") on 22 February 1993 and revised and taking effect respectively on 8 July 2000, 27 August 2009, and 29 December 2018, the department for supervision over product quality under the State Council shall be responsible for supervision over product quality throughout the country. Manufacturers and sellers shall establish and improve their internal system for product quality control, and strictly implement the quality control measures in each job responsibility. The relevant departments under the State Council shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities. Local departments for supervision over product quality at or above the county level shall be in charge of supervision over product quality within their respective administrative regions. The relevant departments in the local people's governments at or above the county level shall be responsible for supervision over product quality within the scope of their respective functions and responsibilities.

### Tort Liability

In accordance with the Tort Liability Law of the PRC (the "Tort Liability Law," 《中華人民共和國侵權責任法》), which became effective in July 2010, internet users and internet service providers bear tortious liabilities in the event that they infringe upon other persons' rights and interests through the internet. Where an internet user conducts tortious acts through internet services, the infringed person has the right to request the internet service provider take necessary actions such as deleting contents, screening

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and de-linking. Failing to take necessary actions after being informed, the internet service provider will be subject to joint and several liabilities with the internet user with regard to the additional damages incurred. Where an internet service provider knows that an internet user is infringing upon other persons' rights and interests through its internet service but fails to take necessary actions, it is jointly and severally liable with the internet user. In addition, in accordance with the Tort Liability Law, in the event of any damage arising from a defective product, the infringed person may seek compensation from either the manufacturer or the seller of such product. If the manufacturer has compensated the infringed person but the defect is caused by the fault of the seller, the manufacturer is entitled to seek reimbursement from the seller. If the seller has compensated the infringed person but the defect is caused by the manufacturer, the seller is entitled to seek reimbursement from the manufacturer. The National People's Congress adopted the Civil Code of the PRC (the “Civil Code,” 《中華人民共和國民法典》) on 28 May 2020, which came into effect on 1 January 2021 and revoked the Tort Liability Law. The Civil Code has further revised the Internet tort liability as originally provided in the Tort Liability Law. It has further elaborated on “safe harbor” rule with respect to an internet service provider from both the aspects of notice and counter notice, including (i) upon receiving notice from the right holder, promptly adopting necessary protective measures such as deletion, screening or disconnection of hyperlinks and timely forwarding right holder's notice to disputed internet user; and (ii) upon receiving counter-notice from the disputed internet user, referring such counter-notice to the claiming right holder and informing him/her to take other corresponding measures such as filing complaint with competent authorities or suit with courts. The Civil Code also provides that where the internet service provider knew or should have known the infringing acts of the internet user, it shall be severally liable with such internet user. As for product liability, the Civil Code provides additional mitigation measures such as stop selling of defective products and stipulated that the seller and manufacturer shall also be liable for expanded damages caused by such defective products if no mitigation measures are provided or not sufficient. If a recall of defective product is required, the seller and the manufacturer shall be responsible to undertake fees paid by infringed users.

## LAWS AND REGULATIONS RELATING TO M&A AND OVERSEAS LISTINGS

The Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”) was jointly promulgated by six PRC governmental authorities including the MOFCOM, the STA, the SAFE, the SAIC, the State-owned Assets Supervision and Administration Commission of the State Council and the CSRC on 8 August 2006, and amended on 22 June 2009. Foreign investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company, and thus changing of the nature of the domestic company into a foreign-invested enterprise; or when the foreign investors establish a foreign-invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the assets of a domestic company by agreement, establish a foreign-invested enterprise by injecting such assets, and operate the assets. According to Article 11 of the

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M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among other things, further purport to require that an offshore special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle which acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

On 17 February 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “Trial Measures”) and five supporting guidelines, which came in to effect on 31 March 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfil the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer’s audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

As advised by our PRC Legal Adviser, our proposed [REDACTED] and [REDACTED] falls within the scope of indirect overseas [REDACTED] and [REDACTED] of a domestic company because we meet both of the conditions stated above, and therefore we will be subject to the filing procedures with the CSRC.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) (the “Notice”). According to the Notice from the CSRC, domestic companies that have

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obtained approval from overseas regulatory authorities or securities exchanges (for example, a contemplated offering and/or listing in Hong Kong has passed the hearing for the listing application of its shares on the Stock Exchange) for their indirect overseas offering and listing prior to the effective date of the Trial Measures (i.e. 31 March 2023) but have not yet completed their indirect overseas issuance and listing, are granted a six-month transition period from 31 March 2023.

On 24 February 2023, the CSRC and other relevant government authorities promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the “Provision on Confidentiality”), which became effective on 31 March 2023. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listing subjects, documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with the examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals concerned such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and those that need to leave the PRC shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

## REGULATIONS RELATING TO INTERNET SECURITY AND PRIVACY PROTECTION

### Internet Security Law

The PRC government has enacted laws and regulations with respect to internet information security and protection of personal information from any abuse or unauthorised disclosure. Internet information in the PRC is regulated and restricted from a national security standpoint. The SCNPC has enacted the Decisions on Maintaining Internet Security (《關於維護互聯網安全的決定》) on 28 December 2000, amended on 27 August 2009, which may subject violators to criminal punishment in the PRC for any effort to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security of the PRC (the “MPS”) has promulgated the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》) on 16 December 1997 and the State

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Council has amended it on 8 January 2011 to prohibit use of the Internet in ways which, among other things, result in a leakage of state secrets or a spread of socially destabilising content. If an Internet information service provider violates these measures, competent authorities may revoke its operating license and shut down its websites.

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the PRC (the “Cyber Security Law,” 《中華人民共和國網絡安全法》), which became effective on 1 June 2017. The Cyber Security Law requires a network operator, including internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cyber Security Law emphasises that any individuals and organisations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and the social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others. The Cyber Security Law has also reaffirmed certain basic principles and requirements on personal information protection previously specified in other existing laws and regulations, including those described above. Any violation of the provisions and requirements under the Cyber Security Law may subject an internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

On 28 December 2021, the Cyberspace Administration of China (the “CAC”) published the Revised Measures for Cybersecurity Review (the “Revised CAC Measures,” 《網絡安全審查辦法》), which became effective on 15 February 2022, and superseded the Measures for Cybersecurity Review promulgated on 13 April 2020. The Revised CAC Measures, which stipulates that operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall conduct cyber security review. Pursuant to Article 7 of the Revised CAC Measures, any network platform operator with data on more than 1 million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country (original text read as follows: “掌握超過100萬用戶個人信息的網絡平台運營者赴國外上市，必須向網絡安全審查辦公室申報網絡安全審查”).

The Trial Measures provides that data processors listing in Hong Kong which affects or may affect national security shall apply for cybersecurity review. Nevertheless, the Trial Measures provides no further explanation or interpretation for “affects or may affect national security”, and there is uncertainty as to its eventual introduction and entry.



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### Personal Information or Data Protection Law

The Data Security Law of the PRC (the “Data Security Law,” 《中華人民共和國數據安全法》), promulgated by the Standing Committee of the National People’s Congress on 10 June 2021, and becoming effective from 1 September 2021, establishes a classified and tiered system for data protection in terms of the data’s importance for economic and social development and the potential harm to national security, public interest or lawful rights and interests of individuals and organisations caused by illegal use of such data. The “important data” as determined by the competent governmental authorities shall be treated with higher level of protection, and the data relating to safeguard national security and interest and perform international obligations shall be imposed with export control by the state. In addition, the Data Security Law provides that important data processors shall appoint a data security officer and a management department to take charge of data security, and such processors shall evaluate the risk of their data activities periodically and file assessment reports with the relevant regulatory authorities. Furthermore, data transaction intermediary service providers shall check the sources of the data, the identities of parties to the data transactions and keep the records accordingly. Violation of the Data Security Law may subject the relevant entities or individuals to warning, fines, business suspension, revocation of permits or business licenses, or even criminal liabilities. Since the Data Security Law is relatively new, uncertainties still exist in relation to its interpretation and implementation.

On 29 December 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), taking effective on 15 March 2012, which provides that an Internet information service provider may not collect any user’s personal information or provide any such information to third parties without such user’s consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, Internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users’ personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users’ personal information, and in case of any leak or possible leak of a user’s personal information, online information service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

On 13 December 2005, the MPS issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》), which took effect on 1 March 2006. These measures require internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, discover and detect illegal information, stop transmission of such information, and keep relevant records. Internet services providers are prohibited from unauthorised disclosure of users’ information to any third parties unless such disclosure is required by the laws and regulations. Internet services providers are further required to establish management systems and take technological measures to safeguard the freedom and secrecy of the users’ correspondences.

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Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC and took effect on 28 December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》), issued by the MIIT on 16 July 2013 and took effect on 1 September 2013, any collection and use of any user personal information must be subject to the consent of the user, and abide to the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorised disclosure, damage or loss. In addition, the Cyberspace Administration of China, the MIIT, the MPS and the SAMR jointly issued the Notice on Promulgation of the Rules on the Scope of Necessary Personal Information for Common Types of Mobile Internet Applications (《常見類型移動互聯網應用程序必要個人信息範圍規定》) on 12 March 2021, effective from 1 May 2021, specifying that the operator of an internet application shall not refuse an user to use the App's basic functional services on the ground that the user disagree with the collection of unnecessary personal information. Any violation of these laws and regulations may subject the internet information service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancelation of filings, closedown of websites or even criminal liabilities.

In addition, the Cyber Security Law provides that: (i) to collect and use personal information, network operators shall follow the principles of legitimacy, rightfulness and necessity, disclose rules of data collection and use, clearly express the purposes, means and scope of collecting and using the information, and obtain the consent of the persons whose data is gathered; (ii) network operators shall neither gather personal information unrelated to the services they provide, nor gather or use personal information in violation of the provisions of laws and administrative regulations or the scopes of consent given by the persons whose data is gathered; and shall dispose of personal information they have saved in accordance with the provisions of laws and administrative regulations and agreements reached with users; (iii) network operators shall not divulge, tamper with or damage the personal information they have collected, and shall not provide the personal information to others without the consent of the persons whose data is collected. Nevertheless, if the information has been processed and cannot be recovered and thus it is impossible to match such information with specific persons, such circumstance is an exception. Furthermore, under the Cyber Security Law, network operators of key information infrastructure generally shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC.

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Pursuant to the Mobile Application Administrative Provisions, an internet app program provider must verify a user's mobile phone number and other identity information under the principle of mandatory real name registration at the back-office end and voluntary real name display at the front-office end. An internet app provider must not enable functions that can collect a user's geographical location information, access user's contact list, activate the camera or recorder of the user's mobile smart device or other functions irrelevant to its services, nor is it allowed to conduct bundle installations of irrelevant app programs, unless it has clearly indicated to the user and obtained the user's consent on such functions and app programs. If an app provider violates the regulations, the internet app store service provider must take measures to stop the violations, including giving a warning, suspension of release, withdrawal of the app from the platform, keeping a record of the incident and reporting the incident to the relevant governmental authorities.

On 28 November 2019, the Secretary Bureau of the Cyberspace Administration of the PRC, the General Office of the MIIT, the General Office of the Ministry of Public Security and the General Office of the SAMR jointly issued the Measures for Determining the Illegal Collection and Use of Personal Information through Apps (《App違法違規收集使用個人信息行為認定方法》), which aims to provide reference for supervision and administration departments and provide guidance for app operators' self-examination and self-correction and social supervision by netizens, and further elaborates the forms of behavior constituting illegal collection and use of the personal information through apps including: (i) failing to publish the rules on the collection and use of personal information; (ii) failing to explicitly explain the purposes, methods and scope of the collection and use of personal information; (iii) collecting and using personal information without the users' consent; (iv) collecting personal information unrelated to the services it provides and beyond necessary principle; (v) providing personal information to others without the users' consent; and (vi) failing to provide the function of deleting or correcting the personal information according to the laws or failing to publish information such as ways of filing complaints and reports.

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), issued by the SCNPC on 29 August 2015, which became effective on 1 November 2015, any Internet service provider that fails to fulfill its obligations related to Internet information security administration as required under applicable laws and refuses to rectify upon orders shall be subject to criminal penalty. In addition, pursuant to the Notice on Legally Punishing Criminal Activities Infringing upon the Personal Information of Citizens (《關於依法懲處侵害公民個人信息犯罪活動的通知》) issued by the Supreme People's Court, the Supreme People's Procuratorate and the MPS on 23 April 2013, and Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Personal Information (《關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), issued on 8 May 2017 and effective as of 1 June 2017, the following activities may constitute the crime of infringing upon a citizen's personal information: (i) providing a citizen's personal information to specified persons or releasing a citizen's personal information online or through other

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methods in violation of relevant national provisions; (ii) providing legitimately collected information relating to a citizen to others without such citizen's consent (unless the information is processed, not traceable to a specific person and not recoverable); (iii) collecting a citizen's personal information in violation of applicable rules and regulations when performing a duty or providing services; or (iv) collecting a citizen's personal information by purchasing, accepting or exchanging such information in violation of applicable rules and regulations. In addition, according to the Interpretations on Several Issues concerning the Application of the Law in Handling Criminal Cases Involving Crimes of Illegally Using the Information Network or Providing Aid for Criminal Activities regarding Information Network (《關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的解釋》) issued by the Supreme People's Court and the Supreme People's Procuratorate on 21 October 2019 and became effective on 1 November 2019, a violator refusing to perform the obligation of safety management for the information network, causing the disclosure of user information, and falling under one of the following circumstances shall be deemed "causing serious consequences" as prescribed under the PRC Criminal Law: (i) causing the disclosure of not less than 500 pieces of location information, communication content, credit information, and property information; (ii) causing the disclosure of not less than 5,000 pieces of accommodation information, communication records, health and physiological information, transaction information and other user information that may affect personal or property safety; (iii) causing the disclosure of not less than 50,000 pieces of user information other than the information set forth in items (i) and (ii); (iv) causing the disclosure of user information which quantity does not meet the standards set forth in items (i), (ii) and (iii), but meets the relevant quantity standards after conversion at the corresponding proportion in aggregate; (v) causing deaths, serious injuries, mental disorders or kidnapping of others, or other serious consequences; (vi) causing material economic losses; (vii) seriously disturbing the social order; or (viii) causing other serious consequences.

On 16 August 2021, the CAC, joint with MIIT and other government authorities, promulgated Several Provisions for the Administration of the Automobile Data Security (Interim) (《汽車數據安全管理若干規定(試行)》), the "Automobile Data Security Provisions"), effective as of 1 October 2021. Pursuant to the Automobile Data Security Provisions, automobile data includes the personal information and important data generated from the designing, producing, selling, using and repairing of automobiles. The "important data" refers to the data that might harm the national security, public interest or the rightful interest of individuals and associations once revised, destroyed, leaked or illegally obtained or used. Automobile data operators must conduct automobile data operating activity according to the Automobile Data Security Provisions, including collecting, storing, using, processing, transferring, providing, publicising automobile data. Furthermore, automobile data operators shall conduct risk assessment for its important data operating activity, and report it to relevant government authorities. When an automobile data operator needs to make a cross-border transferring of important data for business purpose, such operator need to pass the security assessment organised by CAC and other relevant government authorities, and shall not provide important data beyond the security assessment range.

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### REGULATIONS REGARDING INTELLECTUAL PROPERTY

#### Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982 and revised and taking effect respectively on 22 February 1993, 27 October 2001, 30 August 2013, and 23 April 2019, and the Implementing Regulations of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, revised on 29 April 2014, and taking effect on 1 May 2014, the administrative department for industry and commerce under the State Council has established a Trademark Office to take charge of matters concerning trademark registration and administration throughout the country. The period of validity of a registered trademark shall be ten years, starting from the day the registration is approved. When it is necessary to continue using the registered trademark upon expiration of period of validity, an application for renewal shall be made within 12 months before the expiration. If such an application cannot be filed within that period, an extension period of six months may be granted. The period of validity for each renewal of registration shall be ten years. Where an applicant for trademark registration files an application for trademark registration in the PRC within six months of filing the first application for registering the same trademark for the same goods in a foreign country, the applicant may have priority in accordance with any agreement concluded by and between the PRC and the foreign country concerned, or with the international treaty to which both countries are parties, or on the basis of the principle of reciprocity. In the event that an applicant uses a trademark for the first time on goods displayed at an international exhibition organised or recognised by the Chinese Government, the applicant may be entitled to priority provided that it files an application to register the trademark within six months from the date of the exhibition. The trademark registrant may, by concluding a trademark licensing contract, authorise other persons to use the registered trademark. The licensor shall supervise the quality of the goods on which the licensee uses the licensor's registered trademark, and the licensee shall guarantee the quality of the goods on which the registered trademark is used. The party authorised to use others' registered trademark shall indicate the name of the licensee and the place of origin on the goods that bear the registered trademark. When granting others to use the registered trademarks, the licensor shall file the license of the trademarks with the Trademark Office for record, which shall announce the same. Without putting the licensing of the trademark on record, the trademark shall not be effective against *bona fide* third party.

#### Patent

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on 12 March 1984 and revised respectively on 4 September 1992, 25 August 2000, 27 December 2008 and 17 October 2020 and taking effective on 1 June 2021, and the Implementing Regulations of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, revised

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respectively on 28 December 2002 and 9 January 2010, and taking effect on 1 February 2010, the patent administration department under the State Council is responsible for the patent work throughout the country. It receives and examines patent applications and grants patent rights for inventions-creations in accordance with law. Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability. Any design for which patent right may be granted shall not be a prior design, nor has any entity or individual filed before the date of filing with the patent administration department under the State Council an application relating to the identical design disclosed in patent documents announced after the date of filing. The duration of patent right for inventions shall be twenty years, the duration of patent right for utility models shall be ten years, the duration of patent right for design shall be fifteen years, from the date of filing.

### Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on 7 September 1990, revised respectively on 27 October 2001, 26 February 2010 and 11 November 2020, and taking effect on 1 June 2021, Chinese citizens, legal entities or other organisations shall, in accordance with this Law, enjoy the copyright in their works, whether published or not. The term "works" includes written works; oral works; musical, dramatic, Chinese folk art, choreographic and acrobatic works; works of fine arts and architecture; photographic works; audio visual works and works created by a process analogous to cinematography; graphic works such as drawings of engineering designs and product designs, maps and sketches, and model works; computer software; and other intellectual achievements that meet the characteristics of the works.

The Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration and taking effect on 20 February 2002, govern the registration of software copyright, and the registration of exclusive license contracts and transfer contracts of software copyright. The National Copyright Administration shall be in charge of the administration of the registration of software copyright of the whole country. The National Copyright Administration accredits the Copyright Protection Center of China as the body for software registration.

### Domain Names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017 and taking effect on 1 November 2017, the MIIT is responsible for the administration work of Internet domain names nationwide. To establish domain name root servers and domain name root server operating organisations, domain name registration management organisations and domain registration service organisations within the territory of the PRC, licenses from

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the MIIT or the telecommunications administration authority of the province, autonomous region or municipality directly under the central government shall be obtained in accordance with the Measures for the Administration of Internet Domain Names.

### REGULATIONS RELATING TO LEASE

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) on 1 December 2010 and became effective on 1 February 2011, without the mentioned registration above, the leaser and the lessee may be imposed a fine by the development (real estate) department. In accordance with the Civil Code of PRC (《中華人民共和國民法典》), which was promulgated on 28 May 2020 and effective on 1 January 2021, the lessee may, with consent of the lessor, sub-let the leased item to a third party. The leasing contract between the lessee and the lessor shall continue to be valid if the lessee sub-lets the leased item. In the event that the lessee sub-lets the leased item without consent of the lessor, the lessor may terminate the lease contract. In addition, any change of ownership to the lease item does not affect the validity of the lease contract.

### REGULATIONS ON FOREIGN EXCHANGE

#### Foreign Currency Exchange

Pursuant to the Foreign Currency Administration Rules (《外匯管理條例》), as most recently amended in 2008, and various regulations issued by SAFE and other relevant PRC government authorities, RMB is freely convertible to the extent of current account items, such as trade related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, unless expressly exempted by laws and regulations, still require prior approval from SAFE or its provincial branch for conversion of RMB into a foreign currency, such as U.S. dollars, and remittance of the foreign currency outside of the PRC.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》), abolished on 1 June 2015, or SAFE Circular 142, regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be

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## REGULATORY OVERVIEW

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used. In addition, SAFE promulgated Circular on Further Clarifying & Regulating Relevant Matters Concerning the Administration of Some Foreign Exchange Businesses under Capital Accounts (《關於進一步明確和規範部分資本項目外匯業務管理有關問題的通知》) on 9 November 2011 and abolished on 19 March 2015, or SAFE Circular 45, in order to clarify the application of SAFE Circular 142. Under SAFE Circular 142 and SAFE Circular 45, the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable administrative authority and may not be used for equity investments within the PRC. In addition, SAFE strengthened its oversight of the flow and use of RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of RMB capital may not be changed without SAFE's approval, and RMB capital may not in any case be used to repay RMB loans if the proceeds of the loans have not been used.

To further reform the foreign exchange administration system in order to satisfy and facilitate the business and capital operations of foreign-invested enterprises, SAFE issued the Circular on the Relevant Issues Concerning the Launch of Reforming Trial of the Administration Model of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises in Certain Areas (《關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》) in July 2014, which became effective on 4 August 2014 and abolished on 1 June 2015. This circular suspends the application of SAFE Circular 142 in certain areas and allows a foreign-invested enterprise registered in these areas with a business scope including "investment" to use the RMB capital converted from foreign currency registered capital for equity investments within the PRC. SAFE released the Notice on the Reform of the Administration Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) or SAFE Circular 19, in March 2015, which came into force and superseded SAFE Circular 142 on 1 June 2015. Circular 19 allows foreign-invested enterprises to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation and provides the procedures for foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investment. Nevertheless, Circular 19 also reiterates the principle that Renminbi converted from foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope.

In June 2016, SAFE issued the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, which took effect on the same day. Compared to Circular 19, Circular 16 provides that discretionary foreign exchange settlement applies to foreign exchange capital, foreign debt offering proceeds and remitted foreign listing proceeds, and the corresponding Renminbi obtained from foreign exchange settlement are not restricted from extending loans to related parties or repaying the inter-company loans (including advances by third parties). However, there may exist uncertainties with respect to the interpretation and implementation of Circular 16 in practice.



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## REGULATORY OVERVIEW

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In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Direct Investment (《關於進一步改進和調整直接投資外匯管理政策的通知》), and amended on 4 May 2015, as amended, which substantially amends and simplifies the foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of RMB proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign-invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible previously. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知) in May 2013, and partially abolished on 30 December 2019, as amended, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by SAFE and its branches.

After a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice 13, became effective on 1 June 2015, and partially abolished on 30 December 2019, instead of applying for approvals regarding foreign exchange registrations of foreign direct investment and overseas direct investment from SAFE, entities and individuals will be required to apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

On 23 October 2019, SAFE issued the Circular on Further Promoting Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》), or SAFE Circular 28. Among others, SAFE Circular 28 relaxes the prior restrictions and allows the foreign-invested enterprises without equity investment as in their approved business scope to use their capital obtained from foreign exchange settlement to make domestic equity investment as long as the investments are real and in compliance with the foreign investment-related laws and regulations. In addition, SAFE Circular 28 stipulates that qualified enterprises in certain pilot areas may use their capital income from registered capital, foreign debt and overseas listing, for the purpose of domestic payments without providing authenticity certifications to the relevant banks in advance for those domestic payments. Payments for transactions that take place within the PRC must be made in RMB. Foreign currency revenues received by PRC companies may be repatriated into the PRC or retained outside of the PRC in accordance with requirements and terms specified by SAFE.

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## REGULATORY OVERVIEW

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### Dividend Distribution

Wholly foreign-owned enterprises and Sino-foreign equity joint ventures in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, these foreign-invested enterprises may not pay dividends unless they set aside at least 10% of their respective accumulated profits after tax each year, if any, to fund certain reserve funds, until such time as the accumulative amount of such fund reaches 50% of the enterprise’s registered capital. In addition, these companies also may allocate a portion of their after-tax profits based on PRC accounting standards to employee welfare and bonus funds at their discretion. These reserves are not distributable as cash dividends.

Regulations governing abovementioned dividend distribution arrangements have been replaced by the Foreign Investment Law and its implementation rules, which do not provide specific dividend distribution rules for foreign invested enterprises. However, the Foreign Investment Law and its implementation rules provide that after the conversion from a wholly foreign-owned enterprise or Sino-foreign equity joint venture to a foreign invested enterprise under the Foreign Investment Law, distribution method of gains agreed in the joint venture agreements may continue to apply.

### Foreign Exchange Registration of Offshore Investment by PRC Residents

Pursuant to SAFE’s Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Inbound Investment via Overseas Special Purpose Vehicles (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or SAFE Circular No. 75, issued in October 2005, and a series of implementation rules and guidance, including the circular relating to operating procedures that came into effect in July 2011 (《關於印發境內居民通過境外特殊目的公司融資及返程投資外匯管理操作規程的通知》), PRC residents, including PRC resident natural persons or PRC companies, must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle, or SPV, for the purposes of overseas equity financing activities, and to update such registration in the event of any significant changes with respect to that offshore company. SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular No. 37, on 4 July 2014, which replaced SAFE Circular No. 75. SAFE Circular No. 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular No. 37 as a “special purpose vehicle.” The term “control” under SAFE Circular No. 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC

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## REGULATORY OVERVIEW

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companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. SAFE Circular No. 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as an increase or decrease of capital contributed by PRC individuals, a share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. After SAFE Notice 13 became effective on 1 June 2015, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under SAFE Circular No. 37, with qualified banks, instead of SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

Under the Administration Measures on Individual Foreign Exchange Control (《個人外匯管理辦法》) issued by the PBOC, in December 2006 and its implementation rules issued in January 2007 and most recently amended on 23 March by the SAFE, all foreign exchange matters involved in employee share ownership plans and share option plans in which PRC citizens participate require approval from SAFE or its authorised branch. In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), or SAFE Circular No. 7, replacing the earlier rules promulgated in March 2007. Under the SAFE Circular No. 7, PRC residents who are granted stock options by an overseas publicly listed company are required, through a PRC agent or PRC subsidiary of such overseas publicly listed company, to register with SAFE and complete certain other procedures. Failure of the option holders to complete their SAFE registrations may subject these PRC employees to fines and legal sanctions and may also limit the ability of the overseas publicly listed company to contribute additional capital into its PRC subsidiary and limit the PRC subsidiary's ability to distribute dividends.

## REGULATORY OVERVIEW

### REGULATIONS REGARDING LABOR ASSURANCE AND WORK SAFETY

#### Labor Assurance

In accordance with the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by the SCNPC on 5 July 1994, revised and taking effect respectively on 27 August 2009 and 29 December 2018, and Labor Contract Law of the PRC (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on 29 June 2007, revised on 28 December 2012 and became effective on 1 July 2013, and the Implementation Regulation for the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on 18 September 2008. The employing unit shall sign a labor contract in writing with the workers. The wage paid to a worker by an employer shall not be lower than the local minimum wage standard. The employing unit is required to establish occupational safety and health mechanism, and strictly abide by national standards, and provide employees with relevant education. Employees must work in a safe and sanitary environment.

As required under the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), the Regulation of Insurance for Work-Related Injury (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and other laws, regulation and rules, the employing unit must represent workers to pay a number of social security funds (including basic pension insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance). Relevant expenses shall be paid to local administrative authorities. Failure to pay or pay in full may be subject to administrative measures such as fines and an order to make up the unpaid amount. According to the Regulations on Management of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on 3 April 1999 and revised respectively on 24 March 2002 and 24 March 2019 (taking effect on the same date) the housing provident fund paid and deposited both by staff and workers themselves and that by the employing units for their staff and workers shall be owned by the staff and workers. A unit shall go to the housing provident fund management center to undertake registration of payment and deposit of the housing provident fund and, upon verification by the housing provident fund management center, open housing provident fund accounts on behalf of its staff and workers with a commissioned bank. Where a unit fails to undertake payment and deposit registration of housing provident fund or fails to open housing provident fund accounts for its staff and workers, the housing provident fund management center shall order it to do so within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 and not more than RMB50,000 shall be imposed. Where a unit is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

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## REGULATORY OVERVIEW

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### REGULATIONS REGARDING TAXATION

#### Enterprise Income Tax

Effective from 1 January 2008 and last amended on 29 December 2018, the PRC’s statutory enterprise income tax, or EIT, rate is 25%. An enterprise may benefit from a preferential tax rate of 15% under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the “EIT Law”) if it qualifies as a “High and New Technology Enterprise” strongly supported by the state. Pursuant to the Administrative Measures on the Recognition of High and New Technology Enterprises (《高新技術企業認定管理辦法》, the “Recognition Measures”), as amended in January 2016, the provincial counterparts of the Ministry of Science and Technology of the PRC (中華人民共和國科學技術部), the Ministry of Finance and the State Administration of Taxation make joint determination on whether an enterprise is qualified as a “High and New Technology Enterprise” under the EIT Law. In making such determination, these government agencies consider, among other factors, ownership of core technology, whether the key technology supporting the core products or services falls within the scope of high and new technology strongly supported by the state as specified in the Recognition Measures, the ratios of research and development personnel to total personnel, the ratio of research and development expenditures to annual sales revenues, the ratio of revenues attributed to high and new technology products or services to total revenues, and other measures set forth in relevant guidance. A “High and New Technology Enterprise” certificate is effective for a period of three years.

An enterprise may benefit from a preferential tax rate of 10% under the EIT law if it qualifies as a “Key Software Enterprise”. Enterprises wishing to enjoy the “Key Software Enterprise” status will be subject to relevant governmental authorities’ assessment each year as to whether they are entitled to the preferential tax rate of 10%. Prior to May 2016, a “Key Software Enterprise” used to be designated jointly by the NDRC, the MIIT, the MOFCOM, the Ministry of Finance and the State Administration of Taxation. In May 2016, the four PRC governmental authorities jointly issued a notice, pursuant to which an enterprise may be entitled to the preferential income tax rate of 10% by filing with the local tax authority with supporting documentation proving its qualifications to be a “Key Software Enterprise” during its annual income tax filing process. In December 2020, the Ministry of Finance, the State Administration of Taxation, the NDRC, and the MIIT jointly issued a circular which has repealed the original preferential tax treatment applicable to the “Key Software Enterprise.” Such circular provides that the Key Software Enterprise’s EIT would be waived for five years since its first year of making profit and it may benefit from a preferential tax rate of 10% for the following years.

## REGULATORY OVERVIEW

### Withholding Tax

Under the EIT Law and its implementation rules, dividends, interests, rent or royalties payable by a foreign-invested enterprise to any of its non-resident enterprise investors, and proceeds from any such non-resident enterprise investor’s disposition of assets (after deducting the net value of such assets) are subject to the EIT at the rate of 10%, namely withholding tax, unless the non-resident enterprise investor’s jurisdiction of incorporation has a tax treaty or arrangement with the PRC that provides for a reduced withholding tax rate or an exemption from withholding tax. The Notice on Several Preferential Policies regarding Enterprise Income Tax Law (《關於企業所得稅若干優惠政策的通知》) jointly promulgated by the Ministry of Finance and State Administration of Taxation in February 2008, clarifies that undistributed profits earned by foreign-invested enterprises prior to 1 January 2008 will be exempted from any withholding tax.

Hong Kong has a tax arrangement with PRC that provides for a lower withholding tax rate of 5% on dividends subject to certain conditions and requirements, such as the requirement that the Hong Kong resident enterprise own at least 25% of the PRC enterprise distributing the dividend at all times within the 12-month period immediately preceding the distribution of dividends and be a “beneficial owner” of the dividends. However, pursuant to Circular on Issues Concerning Implementing Dividend Clauses of Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》), or SAT Circular 81, issued by the State Administration of Taxation in February 2009, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from the reduced withholding tax rate on dividends due to a structure or arrangement designed for the primary purpose of obtaining favorable tax treatment, the PRC tax authorities may adjust the preferential tax treatment. Moreover, pursuant to Circular on Several Issues regarding the “Beneficial Owner” in Tax Treaties (《關於稅收協定中「受益所有人」有關問題的公告》), or SAT Circular 9, issued by the State Administration of Taxation in February 2018, which became effective from 1 April 2018 and superseded the SAT Circular 601 issued by the State Administration of Taxation in October 2009, a resident of a contracting state will not qualify for the benefits under the tax treaties or arrangements, if it is not the “beneficial owner” of the dividend, interest and royalty income. According to SAT Circular 9, a “beneficial owner” is required to have ownership and the right to dispose of the income or the rights and properties giving rise to the income, and generally engage in substantive business activities. An agent or conduit company will not be regarded as a “beneficial owner” and, therefore, will not qualify for treaty benefits. A conduit company normally refers to a company that is set up primarily for the purpose of evading or reducing taxes or transferring or accumulating profits. In addition, pursuant to Bulletin on Administrative Measures on Treaties Benefit for Non-resident Taxpayers (《非居民納稅人享受協定待遇管理辦法》), or SAT Circular 35, issued by the State Administration of Taxation in October 2019, non-resident enterprises are not required to obtain pre-approval from the relevant tax authority in order to enjoy the reduced withholding tax rate. Instead, non-resident enterprises may, if they determine by self-assessment that the prescribed criteria to enjoy the tax treaty benefits are met, directly apply for the reduced withholding tax rate, and file necessary forms and supporting documents when performing tax filings, which will be subject to post-filing examinations by the relevant tax authorities.

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## REGULATORY OVERVIEW

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### Tax Residence

Under the EIT Law and its implementation rules, an enterprise established outside of the PRC with “*de facto* management body” within the PRC is considered a resident enterprise and will be subject to the EIT at the rate of 25% on its worldwide income. The term “*de facto* management body” refers to “the establishment that exercises substantial and overall management and control over the production, business, personnel, accounts and properties of an enterprise.” Pursuant to SAT Circular 82, issued by the State Administration of Taxation in April 2009, an overseas registered enterprise controlled by a PRC company or a PRC company group will be classified as a “resident enterprise” with its “*de facto* management body” located within the PRC if the following requirements are satisfied: (i) the senior management and core management departments in charge of its daily operations are mainly located in the PRC; (ii) its financial and human resources decisions are subject to determination or approval by persons or bodies located in the PRC; (iii) its major assets, accounting books, company seals, and minutes and files of its board and shareholders’ meetings are located or kept in the PRC; and (iv) no less than half of the enterprise’s directors or senior management with voting rights reside in the PRC. The State Administration of Taxation issued additional rules to provide more guidance on the implementation of SAT Circular 82 in July 2011, and issued an amendment to SAT Circular 82 delegating the authority to its provincial branches to determine whether a Chinese-controlled overseas-incorporated enterprise should be considered a PRC resident enterprise, in January 2014. Although the SAT Circular 82, the additional guidance and its amendment only apply to overseas registered enterprises controlled by PRC enterprises and not those controlled by PRC individuals or foreigners, the determining criteria set forth in the circular may reflect the State Administration of Taxation’s general position on how the “*de facto* management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

### PRC VAT in Lieu of Business Tax

In November 2011, the Ministry of Finance and the State Administration of Taxation jointly issued two circulars setting forth the details of the pilot VAT reform program, which change the charge of sales tax from business tax to VAT for certain pilot industries. The VAT reform program initially applied only to the pilot industries in Shanghai, and was expanded to eight additional regions, including, among others, Beijing and Guangdong province, in 2012. In August 2013, the program was further expanded nationwide. In May 2016, the pilot program was extended to cover additional industry sectors such as construction, real estate, finance and consumer services.

### PRC Urban Maintenance and Construction Tax and Education Surcharge

Any entity, foreign-invested or purely domestic, or individual that is subject to consumption tax and VAT is also required to pay PRC urban maintenance and construction tax. The rates of urban maintenance and construction tax are 7%, 5% or 1% of the amount of consumption tax and VAT actually paid depending on where the taxpayer is located. All entities and individuals who pay consumption tax and VAT are also required to pay education surcharge at a rate of 3%, and local education surcharges at a rate of 2%, of the amount of consumption tax and VAT actually paid.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### OVERVIEW

We are an in-vehicle hardware and SaaS marketing and management service provider for players within the automotive aftermarket industry in China. Our business commenced in 2012 through the establishment of Guanglian Saixun, one of our principal operating subsidiaries. Mr. Zhu Lei, our chairman, has over 30 years of corporate and business management experience and Mr. Zhao, our Chief Executive Officer, has over 15 years of experience in development of automotive electronic products and, computer software. Please refer to the section headed “Directors and Senior Management” for further details of our experienced management team.

We are dedicated to supporting our customers in the automotive aftermarket industry to achieve enhancement of marketing and management capability and efficiency under connected scenarios. Through the deployment of our products and services, we aim to help our customers in the automotive aftermarket, including 4S stores, in-vehicle device OBMs and automotive financing and leasing companies, to improve their marketing and operational efficiencies and increase their revenue and profitability. Throughout our history, our focus has been on the automotive aftermarket, in particular 4S store customers. Our management, perceiving the potential business opportunities that will be brought about by the rapid development of ubiquitous Internet connectivity and the accelerated development of devices that allow for Internet-enabled vehicles, leveraged on the increasing awareness and acceptance by the automotive aftermarket of connected in-vehicle hardware products and broadened our business scope by offering more advanced in-vehicle hardware products, that enhances the enjoyment of car users of their cars. To address the needs of our automotive aftermarket customers to conduct efficient marketing and provide them with customer management tools, we expanded our portfolio of services by providing SaaS marketing and management services. As such, we are also expanding the service scope of our sales of in-vehicle hardware products to cover the entire value chain of the automotive industry, to expand our products and services to cover the growing demands from car users. Through enhancing the coverage of our SaaS products and services to more stores and different participants within the automotive industry value-chain, we are gaining a deeper understanding on the behaviour of car users, and leveraging on this understanding, we are expanding the categories of SaaS value-added products and services, continuously meeting the needs of car users throughout the periods of use of vehicle in different connected scenarios, and in the process generating more revenue from novel types of service transactions and enhancing our current portfolio of services.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### BUSINESS MILESTONES

Set out below are significant milestones of our corporate and business development:

<u>Year</u>	<u>Business achievements and milestones</u>
2012 . . . . .	Guanglian Saixun was founded
2012 . . . . .	We were elected as the executive member of China Automobile Dealers Association (中國汽車流通行業協會常務理事單位)
2013 . . . . .	We were awarded the “2013 Top 5 Innovative Internet of Vehicle Brand (2013年最具創新車聯網品牌前五強)” by China Automobile Aftermarket Association (中國汽車後市場總會), Automotive Aftermarket Elite Club (汽車後市場精英俱樂部) and wanche168.com (玩車網)
2015 . . . . .	We were awarded the “Pioneer 100” Youth Leading Enterprise (“領航100”青年領軍企業) jointly by 14 government authorities and organisations  Guanglian Saixun was awarded the “Most Influential Brand of the Year” (年度最具品牌影響力獎) in 2015 Global Mobile Internet CEO Summit (2015全球移動互聯網CEO峰會)
2016 . . . . .	We were awarded “2016 China Automobile Dealing Industry Business Service Model Innovation Award (2016中國汽車流通行業經營服務模式創新獎)” by China Automobile Dealers Association (中國汽車流通協會)
2017 . . . . .	HuGe e-Shield SaaS was launched to provide vehicle management services for automotive finance and leasing companies
2018 . . . . .	Dijia SaaS was launched to provide SaaS marketing and management services for our 4S store customers  We were awarded 2017-2018 Top Ten Marketing (十大年度營銷獎) by China Automobile Aftermarket Association (中國汽車後市場總會), Automobile Modification Subcommittee of China Automobile Aftermarket Association (中國汽車後市場總會汽車改裝分會), Dianjin International Media Group (點金國際傳媒集團) and China Wuhan Automobile Service Industry Expo (中國武漢汽車服務產業博覽會)
2019 . . . . .	We were awarded “2019 Top 500 Shenzhen Enterprises” (2019深圳500強企業) by Shenzhen Enterprise Confederation (深圳市企業聯合會、深圳市企業家協會)

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Business achievements and milestones
2020 . . . . .	<p>We were awarded “2020 Strategic Partner (2020年度戰略合作夥伴)” by Automotive Aftermarket Industry and Tuning Trade Fair (深圳國際汽車改裝服務業展覽會) and “4S Excellent Supplier Award (4S集團優秀供應商獎)” by the GRAND PRIX Organising Committee of the 16th China Auto Aftermarket Industry GRAND PRIX Award (第16屆格蘭彼治中國汽車後市場年度總評榜組委會)</p> <p>“Didihu”, one of our brands, was awarded “Shenzhen Top Brand” (深圳知名品牌) by Shenzhen Top Brands Evaluation Committee (深圳知名品牌評價委員會)</p> <p>Dijia SaaS was awarded “19th Shenzhen Enterprise Innovation Record” (第十九屆深圳企業創新紀錄) by Shenzhen Enterprises Innovation Record Approval Committee and Shenzhen Enterprises Innovation Record Organisation Committee (深圳市企業創新紀錄審定委員會、深圳市創新紀錄組織委員會)</p>
2021 . . . . .	<p>Our Dijia SaaS was further upgraded to a SCRM system based on the WeChat ecology to provide a SaaS marketing and management services</p> <p>We were awarded “High and New Technology Enterprises” (“高新技術企業”) by Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Shenzhen Finance Bureau (深圳市財政局) and Shenzhen Taxation Bureau of State Taxation Administration (國家稅務總局深圳市稅務局)</p> <p>We were awarded “2021 Internet of Vehicles Solution Golden Finger Award (2021年度車聯網解決方案金手指獎)” by China (Dawan District) International Car Networking Conference Organisation Committee (中國(大灣區)國際車聯網大會組委會)</p> <p>We were the elected as executive member of Guangdong Internet of Vehicles Industry Alliance (廣東省車聯網產業聯盟常務理事單位)</p>
2022 . . . . .	<p>We obtained ISO/IEC 27001:2013 Information Security Management System Certificate issued by Shenzhen Universal Certification Centre Co., Ltd. (深圳市環通認證中心有限公司)</p> <p>Our Dijia SaaS has obtained the Registration Certificate of Level-3 Information System Security Protection of Information System (網絡系統三級安全等級保護備案證明) issued by Shenzhen Municipal Public Security Bureau (深圳市公安局)</p>

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Year	Business achievements and milestones
2023 . . . . .	<p data-bbox="483 272 1369 421">We were recognised as Specialised, Sophisticated, Distinctive and Innovative Small and Medium Enterprises (專精特新中小企業) by Shenzhen Small and Medium Enterprise Service Bureau (深圳市中小企業服務局)</p> <p data-bbox="483 463 1369 651">We were recognised as “High and New Technology Enterprises” (“高新技術企業”) by Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Shenzhen Finance Bureau (深圳市財政局) and Shenzhen Taxation Bureau of State Taxation Administration (國家稅務總局深圳市稅務局)</p> <p data-bbox="483 693 1369 804">We were awarded “22nd Shenzhen Enterprise Innovation Record” (第二十二屆深圳企業創新紀錄) by Shenzhen Enterprises Innovation Record Office (深圳市企業創新紀錄辦公室)</p> <p data-bbox="483 846 1369 1072">We were awarded “2022-2023 Excellence Award for Scientific and Technological Innovative Data and Cyber Security of the Internet of Vehicles” (2022-2023車聯網科技創新數據與網絡安全卓越獎) by China (Dawan District) Car Networking Conference Organisation Committee (中國(大灣區)車聯網大會組委會) and Guangdong Hi-Tech Enterprise Association (廣東省高新技術企業協會)</p> <p data-bbox="483 1115 1369 1264">We were awarded “2022 Automotive Electronics Science and Technology Award for Excellent Innovative Product” (2022年度汽車電子科學技術獎優秀創新產品獎) by Shenzhen Automotive Electronics Industry Association (深圳市汽車電子行業協會)</p> <p data-bbox="483 1306 1369 1451">We were awarded “Best Employer Talents Development Award” (最佳僱主人才發展獎) in the 10th Shenzhen Growth Enterprise Best Employer Award (第十屆深圳成長型企業最佳僱主) by Shenzhen General Chamber of Commerce (深圳市商業聯合會)</p>

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### OUR PRINCIPAL SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITY

We set forth below information about the principal subsidiaries and consolidated affiliated entity of our Company that made a material contribution to our results of operations:

No.	Company name	Date of establishment and commencement of business	Ownership as at the Latest Practicable Date	Principal business activity	Major shareholding changes during the Track Record Period
1	Guanglian Saixun	4 May 2012	100% <sup>Note</sup>	Internet information service and geolocation service	
2	Guanglian Shuke	28 November 2012	100%	Provision of products and services of automotive aftermarket	Please refer to the paragraphs headed “Our Corporate Development” and “Reorganisation” in this section below.
3	Hanhuaxing Technology	16 May 2013	100%	Purchase of data traffic	
4	Dijia Smart Cloud	23 July 2015	100%	Providing marketing software operation service	
5	Tianjin Chejia	9 December 2019	100%	Vehicle-connected technology service and sales of smart in-vehicle equipment	

*Note:* Guanglian Saixun is our Consolidated Affiliated Entity, and has been consolidated into our Group through contractual arrangements entered into among Guanglian Shuke, Guanglian Saixun and the Registered Shareholders since 24 March 2023. Please refer to the section headed “Contractual Arrangements” for further details.

We have adopted a group structure with 74 other subsidiaries primarily with a view to cover the principal geographical areas of our SaaS value-added services business across China as at the Latest Practicable Date. Establishing individual companies that cover principal geographical areas enabled us to deploy more of our sales staff to the same locality of our 4S store customers to promote and to deliver our SaaS value-added services, which allows us to improve our user satisfaction and stickiness through closely binding with customers’ business, and through closer collaboration with our customers and delivering more personalised services through understanding their needs better, we aim to increase the level of average revenue per 4S store at the same time. For details of the principal activities of the subsidiaries of our Group, please refer to Note 39 of the Accountant’s Report in Appendix I to this document.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### OUR CORPORATE DEVELOPMENT

We set out below the corporate history and major shareholding changes of our principal operating subsidiaries prior to the Reorganisation. We also hold minority investments in Aika Shangyun and Qihou Youjian and a number of other companies of which we hold minority interests.

#### Guanglian Saixun

Guanglian Saixun was established as a limited liability company in the PRC on 4 May 2012 with an initial registered capital of RMB50,000,000, all of which had been fully paid in cash. As of the date of its establishment, Guanglian Saixun was held by Ms. Guojing (郭晶) (“**Ms. Guo**”), Ms. Xiao Shunling (肖順玲), Mr. Zhu Lei, Urumqi Xinhongyou Equity Investment Management Limited Partnership (烏魯木齊新弘優股權投資管理有限合夥企業), Mr. Sun Yuqing (孫玉卿) and Zhenghe Futong as to 42.00%, 25.00%, 13.00%, 10.00%, 5.00% and 5.00%, respectively. Except for Mr. Zhu Lei, Mr. Sun Yuqing (孫玉卿), who is the uncle of Mr. Zhao, and Zhenghe Futong, our other founders were Independent Third Parties financial investors of Guanglian Saixun.

After a series of equity transfers since the establishment of Guanglian Saixun, in April 2016, Mr. Zhu Lei and Mr. Zhu Hui, who are brothers and our Controlling Shareholders Group, together with the company and limited partnerships they control became interested in approximately 58.96% of Guanglian Saixun, with Ms. Guo holding approximately 19.00%, Ms. Hu Lin (胡琳) (“**Ms. Hu**”), an Independent Third Party, holding approximately 20.52% and Mr. Zhao Ziqiang (趙自強), Mr. Zhao’s father, holding the remaining approximately 1.52%.

In May 2016, we introduced Mr. Gao Henan (高赫男), Shandong Xingmin Gangquan Co., Ltd. (山東興民鋼圈股份有限公司) (currently known as Xingmin Intelligent Transportation Systems (Group) Co., Ltd. (興民智通(集團)股份有限公司)) (“**Xingmin ITS**”) and Xinjiang Hongsheng Kaiyuan Equity Investment Partnership (Limited Partnership) (新疆宏盛開源股權投資合夥企業(有限合夥)) (“**Hongsheng Investment**”) as our Series A [REDACTED] investors (the “**Series A [REDACTED] Investors**”).

In 2019, we further introduced Shenzhen Lingyu Co-stone Equity Investment Partnership (Limited Partnership) (深圳市領譽基石股權投資合夥企業(有限合夥)) (“**Lingyu Investment**” or the “**Series B [REDACTED] Investor**”) as our series B [REDACTED] investor. Further, in July 2020, Ma’anshan Huaixin Jishi Equity Investment Partnership (Limited Partnership) (馬鞍山懷昕基石股權投資合夥企業(有限合夥)) (“**Huaixin Investment**”) and Suzhou Huiheng Venture Capital Center (Limited Partnership) (蘇州暉珩創業投資中心(有限合夥)) (“**Huiheng Investment**”) acquired interest in Guanglian Saixun from one of our then equity holders. As part of the Reorganisation, we also completed the introduction of Profit Channel Development Limited (利通發展有限公司) (“**Profit Channel**”) and Cova Investment as our [REDACTED] investors. Further details of our [REDACTED] Investments are set out below.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### **Series A [REDACTED] Investments**

During April and May 2016, each of Mr. Gao, Xingmin ITS and Hongsheng Investment invested in Guanglian Saixun through (a) acquisition from Ms. Guo 7.6%, 5.7% and 5.7% of Guanglian Saixun's registered capital for a consideration of RMB38,000,000, RMB28,500,000 and RMB28,500,000, respectively, and (b) capital injection of RMB3,333,300, RMB2,500,000 and RMB2,500,000 of the registered capital of Guanglian Saixun for cash consideration of RMB60,000,000, RMB45,000,000 and RMB45,000,000, respectively. The relevant considerations were determined based on arm's length negotiations among Guanglian Saixun, the Series A [REDACTED] Investors and Ms. Guo, with reference to the agreed valuation of Guanglian Saixun and the expected profits after tax for 2016 and 2017, respectively, and also taking into account the special rights and benefits granted to the Series A [REDACTED] Investors by Guanglian Saixun. The payments for the equity transfers and capital injections were completed on 17 May 2016 and 30 May 2016, respectively, and the total registered capital of Guanglian Saixun was increased to RMB58,333,300.

The table below sets out the percentage holdings of the Series A [REDACTED] Investors immediately after completion of their investments:

<b>Name of Series A [REDACTED] Investor</b>	<b>Approximate % interest in Guanglian Saixun</b>	<b>Total consideration paid<sup>(1)</sup>  (RMB)</b>	<b>Completion Date<sup>(2)</sup></b>
Mr. Gao . . . . .	12.23%	98,000,000	1 July 2016
Xingmin ITS . . . . .	9.17%	73,500,000	1 July 2016
Hongsheng Investment . . . . .	9.17%	73,500,000	1 July 2016

*Notes:*

- (1) The total consideration paid represents the aggregate amount of consideration paid to Ms. Guo and the amount of capital injections into Guanglian Saixun.
- (2) The completion date represents the date on which all necessary registration with the capital injections and the equity transfers were completed.

### **Transfer of equity interest from Mr. Zhao Ziqiang to Mr. Zhao**

On 8 August 2017, Mr. Zhao Ziqiang entered into an equity transfer agreement to transfer RMB760,000 of registered capital in Guanglian Saixun to his son, Mr. Zhao, representing approximately 1.3029% of the registered capital in Guanglian Saixun, for a consideration of RMB760,000. The equity transfer was completed on 16 August 2017. After this transfer, Mr. Zhao Ziqiang ceased to hold any equity interest in Guanglian Saixun.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### ***Series B [REDACTED] Investments***

On 21 June 2019, Guanglian Saixun, the then equity holders of Guanglian Saixun other than the Series A [REDACTED] Investors, the Series A [REDACTED] Investors and Lingyu Investment entered into an investment agreement (the “**Domestic Investment Agreement**”), pursuant to which Hongsheng Investment transferred approximately 4.76% registered capital in Guanglian Saixun to Lingyu Investment at a consideration of RMB50,000,000, which was fully settled on 19 July 2019 and the equity transfer was completed on 16 August 2019. Such consideration was determined by the parties after arm’s length negotiations with reference to the agreed valuation of Guanglian Saixun. Our Directors were informed that Hongsheng Investment divested part of its interest in Guanglian Saixun because it wished to realise part of its investment in Guanglian Saixun, and Guanglian Saixun did not wish to issue new capital to avoid the potential dilution effect resulting from substantial capital increases.

### ***Other [REDACTED] Investments***

On 27 July 2020, Ms. Hu, one of the then equity holders of Guanglian Saixun, entered into equity transfer agreements to transfer approximately 13.59% and 4.00% of equity interest in Guanglian Saixun to Huaixin Investment and Huiheng Investment, at a consideration of RMB67,942,900 and RMB20,000,000, respectively, which were determined by the parties after arm’s length negotiations with reference to the agreed value of equity transfers that were sold by Ms. Guo in Series A Investment, and was fully settled on 21 October 2020 and 14 August 2020, respectively. After such transfers, Ms. Hu ceased to be an equity holder of Guanglian Saixun. Our Directors were informed that Ms. Hu divested her interests in Guanglian Saixun to realise her gains from her investment.

On 18 October 2020, the then equity holders of Guanglian Saixun, namely Zhenghe Futong, Xinjiang Rongying, Huaixin Investment, Mr. Gao, Xingmin ITS, Shanghai Xiangru, Lingyu Investment, Hongsheng Investment, Huiheng Investment and Mr. Zhao entered into a promoters’ agreement, pursuant to which each of them agreed to convert Guanglian Saixun into a joint stock limited company, with a registered share capital of RMB60,000,000 divided into 60,000,000 shares of a par value of RMB1.0 each, which was determined with reference to net asset value of Guanglian Saixun as at 31 August 2020 as appraised by an independent accountant, and after the conversion each of the then equity holders of Guanglian Saixun held shares in Guanglian Saixun in proportion to their then equity interest in Guanglian Saixun before the conversion.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 28 October 2020, Guanglian Saixun was converted into a joint stock limited company and renamed as Guanglian Saixun Co., Ltd. (廣聯賽訊股份有限公司). The following table sets forth the shareholding structure of Guanglian Saixun immediately after completion of the conversion.

<b>Name of Shareholder</b>	<b>Number of shares with a par value of RMB1.0 each</b>	<b>Approximate Shareholding percentage</b>
Zhenghe Futong . . . . .	12,898,320	21.50%
Xinjiang Rongying . . . . .	12,342,840	20.57%
Huaxin Investment . . . . .	8,153,160	13.59%
Mr. Gao . . . . .	7,337,100	12.23%
Xingmin ITS . . . . .	5,502,840	9.17%
Shanghai Xiangru . . . . .	5,081,160	8.47%
Lingyu Investment . . . . .	2,857,140	4.76%
Hongsheng Investment . . . . .	2,645,700	4.41%
Huiheng Investment. . . . .	2,400,000	4.00%
Mr. Zhao. . . . .	781,740	1.30%
<b>Total. . . . .</b>	<b>60,000,000</b>	<b>100%</b>

For subsequent changes of shareholding of Guanglian Saixun in the course of the Reorganisation, please refer to the paragraph headed “Reorganisation” in this section of this document.

As confirmed by our PRC Legal Adviser, the capital injections, the equity transfers and conversion of Guanglian Saixun into a joint stock limited company have been properly and legally completed, and all regulatory approvals have been obtained.

Guanglian Saixun is primarily engaged in Internet information service and geolocation service. Guanglian Saixun currently holds the Value-Added Telecommunications Business License (增值電信業務經營許可證) for information services (Internet information services only) (信息服務業務(僅限互聯網信息服務)) and the Class B Surveying and Mapping Qualification Certificate.

### Guanglian Shuke

Guanglian Shuke, previously known as Shenzhen City Weien Technology Co., Limited (深圳市唯恩科技有限公司), was established in the PRC on 28 November 2012 with a registered capital of RMB10.0 million. Upon its establishment, Guanglian Shuke was wholly-owned by Guanglian Saixun.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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As part of the Reorganisation, Cova Investment, one of our [REDACTED] Investors, was introduced, and became an equity holder in Guanglian Shuke and subsequently, Guanglian Shuke was acquired by Carlink HK, and Carlink HK acquired equity interests from Cova Investment and in turn Cova Investment subscribed for shares in our Company. Please refer to the paragraph “Reorganisation - Introduction of Cova Investment as a [REDACTED] Investor, increase of registered capital and acquisition by Carlink HK of all the equity interests in Guanglian Shuke” in this section for further details.

After completion of the Reorganisation, all of Guanglian Shuke’s registered capital has been wholly-owned by Carlink HK and Guanglian Shuke became our indirect wholly-owned subsidiary.

Guanglian Shuke is principally engaged in the provision of products and services for the automotive aftermarket in the PRC.

### Hanhuaxing Technology

Hanhuaxing Technology was established in the PRC on 16 May 2013 with a registered capital of RMB1.0 million. Upon its establishment, Hanhuaxing Technology was held as to 10.00% by Mr. Liang Dongpeng (梁東鵬) and 90.00% by Mr. Luo Huaxiong (羅華雄), both being Independent Third Parties.

On 24 April 2014, Guanglian Shuke acquired from Mr. Liang Dongpeng (梁東鵬) and Mr. Luo Huaxiong (羅華雄) both being Independent Third Parties all their interests in Hanhuaxing Technology, considering its research and development capabilities would be beneficial to our business prospects. Such acquisition was conducted at the consideration of RMB2.0 with reference to the then net asset value of Hanhuaxing Technology and the fact that the then registered capital was not fully-paid. The consideration was fully settled on 17 June 2014. Upon completion of the acquisition, Hanhuaxing Technology became a wholly-owned subsidiary of Guanglian Shuke. As confirmed by our PRC Legal Adviser, the above acquisition has been properly and legally completed, and all regulatory approvals have been obtained. The said acquisition has been duly settled.

As part of the Reorganisation and for the purpose of achieving a 50/50 ownership by Hanhuaxing Technology by domestic and foreign shareholders pursuant to the setting up of the contractual arrangements, on 9 February 2023, the registered capital of Hanhuaxing Technology was increased by RMB9.0 million from RMB1.0 million to RMB10.0 million, RMB4.0 million of which was subscribed for by Guanglian Shuke at nominal value, and RMB5.0 million of which was subscribed for by Guanglian Saixun at nominal value. Upon completion of the said capital increase, Hanhuaxing Technology is held as to 50.00% by Guanglian Saixun and 50.00% by Guanglian Shuke. As confirmed by our PRC Legal Adviser, the above capital increase has been properly and legally completed, and all regulatory approvals have been obtained. As at the Latest Practicable

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date, RMB1.0 million out of RMB10.0 million of the registered capital of Hanhuaxing Technology was paid up and the remaining portion of RMB9.0 million was not required to be paid up until 31 December 2035 according to the articles of association of Hanhuaxing Technology; unless otherwise required by the PRC laws and regulations.

Hanhuaxing Technology is primarily engaged in purchase of data traffic in the PRC and the provision of Internet information’ service. Hanhuaxing Technology currently holds the Value-Added Telecommunications Business License (增值電信業務經營許可證) for information services (Internet information services only) (信息服務業務(僅限互聯網信息業務)).

### Dijia Smart Cloud

Dijia Smart Cloud, previously known as Shenzhen City DidiHu Automobile Rental Co., Limited (深圳市滴滴虎汽車租賃有限公司), was established in the PRC on 23 July 2015 with a registered capital of RMB5.0 million, and the subscription price was fully paid by Guanglian Saixun in June 2020. Upon its establishment, Dijia Smart Cloud was wholly-owned by Guanglian Saixun.

As part of the Reorganisation, on 30 March 2022, Guanglian Shuke acquired the entire registered capital of Dijia Smart Cloud from Guanglian Saixun at a consideration of approximately RMB4.3 million, which was determined by reference to a valuation report prepared by an independent valuer on the value of the entire equity interest of Dijia Smart Cloud as at 31 December 2021. The consideration was fully settled on 19 April 2023. Upon completion of the acquisition, Dijia Smart Cloud became a wholly-owned subsidiary of Guanglian Shuke. As confirmed by our PRC Legal Adviser, the above acquisition has been properly and legally completed, and all regulatory approvals have been obtained. The said acquisition has been duly settled.

Dijia Smart Cloud is primarily engaged in providing marketing software operation service in the PRC.

### Tianjin Chejia

Tianjin Chejia, previously known as Tianjin Guijiao Internet of Things Technology Co., Limited (天津軌交物聯網科技有限公司), was established in the PRC on 9 December 2019 with a registered capital of RMB10.0 million. Upon its establishment, Tianjin Chejia was held as to 51.00%, 44.00% and 5.00% by Guanglian Saixun, Ruishen Industrial (Shenzhen) Co., Ltd. (瑞深實業(深圳)有限公司) and Mr. Luan Guangping (樂光平), all of which are Independent Third Parties, respectively.

On 9 December 2020, each of Guanglian Saixun and Mr. Luan Guangping (樂光平), acquired 22.00% of the interest from Ruishen Industrial (Shenzhen) Co., Ltd. and (瑞深實業(深圳)有限公司) at nil consideration with reference to the then financial performance of Tianjin Chejia and the fact that the then registered capital was not fully-paid.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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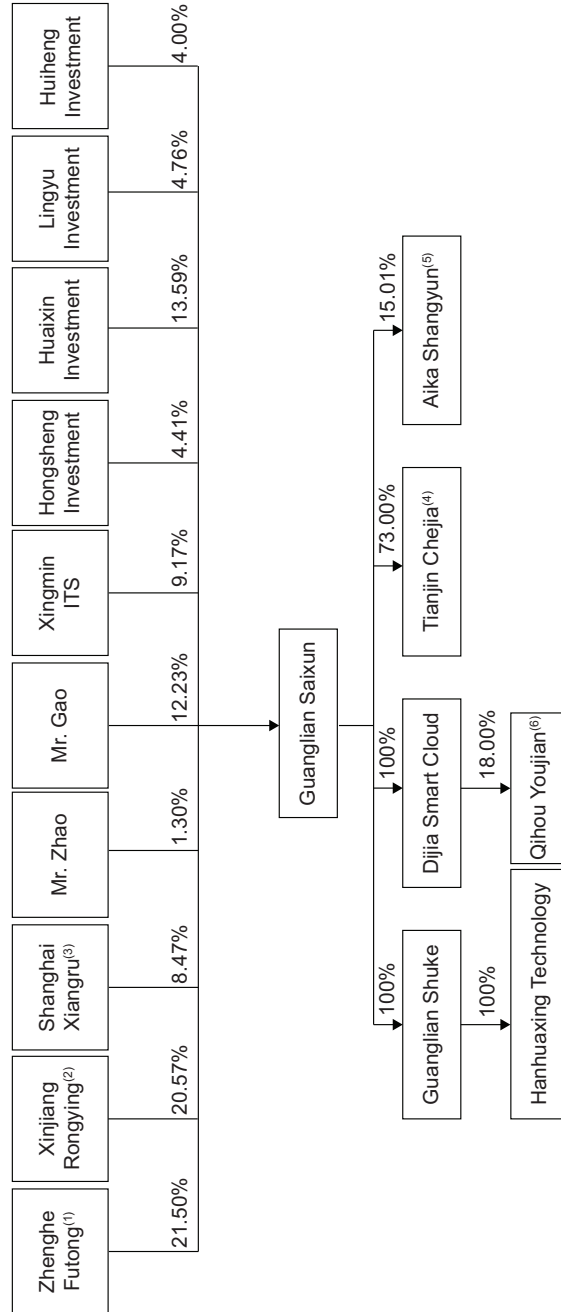
As part of the Reorganisation, on 28 March 2022, Guanglian Shuke acquired all of the 73.00% of the registered capital of Tianjin Chejia that was held by Guanglian Saixun at a consideration of approximately RMB2.2 million, which was determined by reference to a valuation report prepared by an independent valuer on the value of the entire equity interest of Tianjin Chejia as at 31 December 2021. The consideration was fully settled on 20 April 2023. In December 2022, Guanglian Shuke acquired the remaining 27% of the registered capital of Tianjin Chejia that was held by Mr. Luan Guangping (樂光平) at a consideration of RMB10.39 million, which was determined by reference to a valuation report prepared by an independent valuer on the value of the entire equity interest of Tianjin Chejia as at 30 November 2022. The filing with SAMR was completed on 6 January 2023. Upon completion of the acquisition, Tianjin Chejia became a wholly-owned subsidiary of Guanglian Shuke. As confirmed by our PRC Legal Adviser, the above acquisitions have been properly and legally completed, and all regulatory approvals have been obtained.

Tianjin Chejia is principally engaged in vehicle-connected technology service and sales of smart in-vehicle equipment in the PRC.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### STRUCTURE IMMEDIATELY PRIOR TO THE REORGANISATION

The ownership structure of our Group prior to the Reorganisation is set out below:



**Notes:**

- (1) Zhenghe Futong is a limited partnership established in the PRC on 27 July 2010 that is owned as to 50.00% by Mr. Zhu Lei, 40.00% by Mr. Jiang, approximately 9.09% by Mr. Zhao and approximately 0.91% by Zhenghe Fangda.
- (2) Xinjiang Rongying is a limited partnership established in the PRC on 6 September 2015 that is approximately owned as to (i) 87.09% by Mr. Zhu Hui, (ii) 8.02% by Mr. Zhao, (iii) 1.72% by Shanghai Rongru Investment, which in-turn is held as to 57.00% by Mr. Zhu Hui and 43.00% by Mr. Zhu Lei, and (iv) 3.17% by seven employees of the Group.
- (3) Shanghai Xiangru is a limited partnership established in the PRC on 5 June 2015 that is owned as to 99.00% by Mr. Zhu Hui and 1.00% by four employees of the Group.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (4) The remaining 27% of Tianjin Chejia was held directly by Mr. Luan Guangping (樂光平), which is an Independent Third Party, prior to the Reorganisation.
- (5) The remaining 84.99% of Aika Shangyun is held directly by Sainade (Beijing) Information Technology Co. Ltd. (塞納德(北京)信息技術有限公司) and Beijing Zhide Diankang E-Commerce Co. Ltd. (北京智德典康電子商務有限公司), companies deemed to be majority controlled by Mr. Zhang Wei, as to 67.99% and 17.00% respectively.
- (6) The remaining 82.00% of Qihou Youjian is held directly by Shenzhen City Muwei Auto Cultural Partnership (Limited Partner) (深圳市目維汽車文化合夥企業(有限合夥)), Han Zhuoheng (韓卓恒), Zhao Guangming (趙光明) and Wuhan Xingjiameg Auto Services Company Limited (武漢興嘉盟汽車服務有限公司) as to 52.0%, 16.0%, 9.0%, and 5.0%, respectively, all of which were Independent Third Parties.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### REORGANISATION

In preparation for the [REDACTED] and the [REDACTED], we have carried out a series of reorganisation steps for the purpose of establishing our shareholding structure in preparation for our [REDACTED], and also introducing Profit Channel and Cova Investment as additional [REDACTED] Investors. The steps that we have taken are set out below.

#### **Incorporation of our Company and our offshore subsidiaries**

Our Company was incorporated under its former name, Carlink International Limited, in the Cayman Islands on 12 January 2022 as our [REDACTED] vehicle. As of the date of its incorporation, it had an authorised share capital of US\$50,000 divided into 500,000,000 Shares with a par value of US\$0.0001 each.

On 12 January 2022, one Share of par value US\$0.0001 was allotted and issued to the initial subscriber who is an Independent Third Party, which was subsequently transferred to Future Expectations, a company incorporated in the BVI with liability limited by shares and wholly owned by Mr. Zhu Lei on the same day. Our Company further allotted and issued one Share to each of Future Tendency, Visionary Leader, Intelligent Leader (together the “**Founder BVIs**”) and Rongying BVI on the same date, all of which being investment holding companies incorporated in the BVI with liability limited by shares and wholly-owned by Mr. Zhu Hui, Mr. Jiang, Mr. Zhao, and Mr. Zhao together with other employees of the Group, respectively. Immediately following the said subscription and allotment, Founder BVIs and Rongying BVI each held 20.00% of our Company’s then issued Shares.

Carlink Future Inc. (“**Carlink BVI**”) was incorporated in BVI with liability limited by shares on 24 January 2022. It is authorised to issue a maximum of 50,000 shares of one class with a par value of US\$1.0 each and held by our Company. Carlink BVI is an investment holding company. Since the date of its incorporation, Carlink BVI has been wholly-owned by our Company.

Carlink HK was incorporated in Hong Kong with limited liability on 8 February 2022 with an issued share capital of HK\$1.0 comprising one share and held by Carlink BVI. Carlink HK is an investment holding company. Since the date of its incorporation, Carlink HK has been an indirectly wholly-owned subsidiary of our Company.

#### **Transfer of Dijia Smart Cloud, Tianjin Chejia and Aika Shangyun**

To prepare for the [REDACTED] and for the purpose of ensuring the Contractual Arrangements are narrowly tailored to for our Group’s business purposes and minimise the potential conflict with the relevant PRC laws and regulations on foreign ownership restrictions, Guanglian Saixun transferred all its equity interests in Tianjin Chejia, Dijia Smart Cloud and Aika Shangyun to Guanglian Shuke on 28 March 2022, 30 March 2022 and 18 April 2022, respectively.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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For further details, please refer to the paragraph headed “Our Corporate Development” in this section.

### **Introduction of Cova Investment as a [REDACTED] Investor, increase of registered capital and acquisition by Carlink HK of all the equity interests in Guanglian Shuke**

On 20 January 2022, the registered capital of Guanglian Shuke was increased by RMB2,500,000, all of which were subscribed for by Guanglian Saixun by surplus reserve capitalisation.

On 11 April 2022, the registered capital of Guanglian Shuke was increased by RMB386,598, representing approximately 3.00% of the entire registered capital of Guanglian Shuke, all of which were subscribed for by Cova Investment at a subscription price of RMB480,000, the basis of which was determined with reference to a valuation report prepared by an independent valuer on the value of Guanglian Shuke as of 31 December 2021. For details of the Cova Investment, please refer to “[REDACTED] Investments – Information about our [REDACTED] Investors” in this section.

The capital injection by Cova Investment into Guanglian Shuke has been fully paid on 22 July 2022. Upon completion of the capital injection, Guanglian Shuke was converted into a sino-foreign joint venture owned as to approximately 97.00% by Guanglian Saixun and approximately 3.0% by Cova Investment.

On 28 April 2022, the registered capital of Guanglian Shuke was further increased by RMB87,113,402, all of which were subscribed for by Guanglian Saixun at a subscription price of RMB110.0 million, which was determined with reference to a financial due diligence report prepared by an independent accounting firm on the financial conditions of our Group as at 31 December 2021 and this capital contribution was paid through offsetting the shareholder’s loan owed by Guanglian Shuke to Guanglian Saixun. Immediately after completion of the said capital increase, the registered capital of Guanglian Shuke became RMB100.0 million, of which Guanglian Saixun held approximately 99.6134% and Cova Investment held approximately 0.3866%.

On 6 May 2022, Carlink HK acquired from Guanglian Saixun RMB99,613,402 of Guanglian Shuke’s registered capital (being all of Guanglian Saixun’s equity interest in Guanglian Shuke) at a consideration of RMB126,547,969, and also acquired from Cova Investment RMB386,598 of Guanglian Shuke’s registered capital (being all of Cova Investment’s equity interest in Guanglian Shuke) at a consideration of RMB491,131, which were based on the valuation report prepared by an independent valuer on the value of Guanglian Shuke as of 31 March 2022. The consideration for the above transactions was fully settled on 24 March 2023. Immediately after such transfer, Guanglian Shuke became wholly-owned by Carlink HK and an indirectly wholly-owned subsidiary of our Company. The consideration received by Cova Investment was subsequently used by Cova Investment to partially settle the subscription price for shares in our Company as part of the Reorganisation. For further details, see “Issue of Shares to the Offshore Subscribers and Profit Channel subscribing for Shares in lieu of Hongsheng Investment” below.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 6 February 2023, the registered capital of Guanglian Shuke was increased by RMB10.0 million, all of which were subscribed by Carlink HK, and the subscription price was fully paid up on 27 April 2023. Immediately after completion of the said capital increase, the registered capital of Guanglian Shuke became RMB110.0 million, of which Carlink HK held 100.00%.

As confirmed by our PRC Legal Adviser, the above capital increases and equity transfers have been properly and legally completed, and all regulatory approvals have been obtained. The said capital increases and equity transfers have been duly settled.

Our Directors confirm that the transfer of registered capital of Guanglian Shuke to Carlink HK was for the purpose of reorganising (a) operating businesses of our Group that are not subject to foreign ownership restrictions, (b) the implementation of the Contractual Arrangements, and (c) the setting up of the corporate structure for the purpose of the [REDACTED].

### Reduction of registered capital of Guanglian Saixun

On 1 June 2022, pursuant to a shareholders’ resolution and for the primary purpose of providing the equity holders of Guanglian Saixun with funding to subscribe for Shares, the then shareholders of Guanglian Saixun resolved to reduce the registered capital of Guanglian Saixun from RMB60,000,000 to RMB31,104,060, which was published on the Shenzhen Administration for Market Regulation (深圳市市場監督管理局) (“**Shenzhen SAMR**”)’s “Commercial Subject Credit Supervision Publicity Platform” (商事主體信用監管公示平台) within 45 days from 1 June 2022, and the registered capital reduction was approved by the Shenzhen SAMR on 12 January 2023 and funds that were returned to the shareholders who participated in the capital reduction was duly paid on or before 27 March 2023 (the “**GS Capital Reduction**”). The table below sets out the amounts that were paid by Guanglian Saixun in connection with the GS Capital Reduction:

Name of Guanglian Saixun shareholder participating in the repurchase	Number of shares of Guanglian Saixun repurchased	Total repurchase price paid (RMB)	Payment date
Huaxin Investment . . . . .	8,153,160	67,942,900	20 February 2023
Mr. Gao . . . . .	7,337,100	61,142,500	28 February 2023
Xingmin ITS . . . . .	5,502,840	45,857,000	17 March 2023
Lingyu Investment . . . . .	2,857,140	23,809,500	6 February 2023
Hongsheng Investment . . . . .	2,645,700	22,047,500	27 March 2023
Huiheng Investment . . . . .	2,400,000	20,000,000	20 March 2023

After completion of the GS Capital Reduction, Zhenghe Futong, Xinjiang Rongying, Shanghai Xiangru and Mr. Zhao were the remaining shareholders of Guanglian Saixun, and they remained as our Registered Shareholders and became parties to the Contractual Arrangements.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As advised by our PRC Legal Adviser, the reduction of registered capital of Guanglian Saixun has been properly and legally completed on 12 January 2023, and all regulatory disclosure and filing requirements have been duly completed.

### Issue of Shares to the Offshore Subscribers and Profit Channel subscribing for Shares in lieu of Hongsheng Investment

On 18 March 2022, as part of the Reorganisation, and pursuant to the Reorganisation Framework Agreement, entered into by, among others, our Company, the Registered Shareholders, Guanglian Saixun and the then shareholders of Guanglian Saixun, the then shareholders of Guanglian Saixun agreed, among other things, to participate in the GS Capital Reduction and the subscription of 0.99% interest by Cova Investment in our Company. The amount of consideration paid by Cova Investment was US\$ equivalent of RMB5.0 million, such consideration was determined with reference to a financial due diligence report prepared by an independent accounting firm on the financial conditions of our Group as at 31 December 2021.

As a result of the GS Capital Reduction, the then shareholders of Guanglian Saixun and/or their respective affiliates as the offshore subscribers (the “**Offshore Subscribers**”) subscribed for the Shares for the primary purpose of reflecting their respective original proportions of shareholdings in Guanglian Saixun in our Company after the GS Capital Reduction, except for (i) such proportion of shareholding originally belonging to Hongsheng Investment was subscribed for by Profit Channel as a newly introduced [REDACTED] Investor, and Hongsheng Investment ceased to hold any interest in our Group after the GS Capital Reduction, and (ii) Cova Investment becoming a Shareholder.

On 12 August 2022, as part of the Reorganisation and pursuant to the Share Subscription Agreement, entered into by, among others, our Company, Guanglian Shuke, Guanglian Saixun and the then Shareholders agreed to subscribe for the Shares upon completion of the GS Capital Reduction. Accordingly, the shareholding structure of our Company became as follows:

Name of Offshore Subscribers	Number of Shares subscribed for (approx. % of total issued share capital of our Company)	Subscription Price	Remarks
Future Tendency . . . . .	15,834,305 (26.1292%)	US\$1,583.4305	Subscriber wholly-owned by Mr. Zhu Hui, who did not participate in the GS Capital Reduction

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of Offshore Subscribers	Number of Shares subscribed for (approx. % of total issued share capital of our Company)	Subscription Price	Remarks
Future Expectations . . . . .	6,599,332 (10.8899%)	US\$659.9332	Subscriber wholly-owned by Mr. Zhu Lei, who did not participate in the GS Capital Reduction
Visionary Leader . . . . .	5,188,671 (8.5622%)	US\$518.8671	Subscriber wholly-owned by Mr. Jiang, who did not participate in the GS Capital Reduction
Intelligent Leader . . . . .	1,800,039 (2.9704%)	US\$180.0039	Subscriber wholly-owned by Mr. Zhao, who did not participate in the GS Capital Reduction
Rongying BVI <sup>(1)</sup> . . . . .	1,681,708 (2.7751%)	US\$168.1708	Subscriber is a shareholding platform for employees within the Group, and did not participate in the GS Capital Reduction
Yantai Longhe . . . . .	7,337,100 (12.1074%)	US\$ equivalent of RMB61,142,500	Subscription price equivalent to the amount received by Mr. Gao under the GS Capital Reduction
Shenzhen Lianxing Yongsheng Investment Enterprise (Limited Partnership) 深圳市聯興永盛投資企業(有限合夥) (“Lianxing Yongsheng Investment”) . . . . .	5,502,840 (9.0806%)	US\$ equivalent of RMB45,857,000	Subscription price equivalent to the amount received by Xingmin ITS under the GS Capital Reduction
Lingyu Co-stone Investment Limited (“Lingyu Investment”) . . . . .	2,857,140 (4.7148%)	US\$ equivalent of RMB23,809,500	Subscription price equivalent to the amount received by Lingyu Investment under the GS Capital Reduction
Huaixin Co-stone Investment Limited (“Huaixin Investment”) . . . . .	8,153,160 (13.4541%)	US\$ equivalent of RMB67,942,900	Subscription price equivalent to the amount received by Huaixin Investment under the GS Capital Reduction
Huiheng Investment . . . . .	2,400,000 (3.9604%)	US\$ equivalent of RMB20,000,000	Subscription price equivalent to the amount received by Huiheng Investment under the GS Capital Reduction

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of Offshore Subscribers	Number of Shares subscribed for (approx. % of total issued share capital of our Company)	Subscription Price	Remarks
Profit Channel Development Limited (“Profit Channel”) . . . . .	2,645,700 (4.3658%)	US\$ equivalent of RMB22,047,500	Subscription price was determined with reference to a financial due diligence report prepared by an independent accounting firm on the financial conditions of our Group as at 31 December 2021.
Cova Investment . . . . .	600,000 (0.9901%)	US\$ equivalent of RMB5,000,000	Subscription Price was determined with reference to a financial due diligence report prepared by an independent accounting firm on the financial conditions of our Group as at 31 December 2021.
<b>Total</b> . . . . .	<b>60,599,995</b> <b>(100%)</b>	<b>US\$35,695,031.1955</b>	

Note:

- (1) As at the Latest Practicable Date, Rongying BVI is our employee shareholding platform, which is wholly owned by Mr. Zhao and other 13 employees of our Group. Prior to the Reorganisation, our employee share platform was Xinjiang Rongying.

For the settlement of the above considerations, please refer to “Payment by the Offshore Shareholders for the allotment and issue of Shares” below in this section.

The table below sets out the relationships between the Onshore Shareholders and the Offshore Shareholders:

Name of onshore shareholder of Guanglian Saixun or Guanglian Shuke <sup>(A)</sup>	Name of Offshore Subscriber <sup>(B)</sup>	Relationship between Offshore Subscriber and onshore shareholder
Mr. Zhu Lei <sup>(1)</sup> . . . . .	ZL-expectations Inc. <sup>(1)</sup>	Wholly-owned by Mr. Zhu Lei
Mr. Zhu Hui <sup>(2)</sup> . . . . .	ZH-tendency Inc. <sup>(2)</sup>	Wholly-owned by Mr. Zhu Hui
Mr. Jiang <sup>(3)</sup> . . . . .	J-Visionary Inc. <sup>(3)</sup>	Wholly-owned by Mr. Jiang
Mr. Zhao <sup>(4)</sup> . . . . .	ZZ-Intelligent Inc. <sup>(4)</sup>	Wholly-owned by Mr. Zhao

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Name of onshore shareholder of Guanglian Saixun or Guanglian Shuke <sup>(A)</sup>	Name of Offshore Subscriber <sup>(B)</sup>	Relationship between Offshore Subscriber and onshore shareholder
Xinjiang Rongying <sup>(5)</sup> . . . . .	Rongying BVI	As at the Latest Practicable Date, Rongying BVI is our employee share platform, which is wholly owned by Mr. Zhao and other 13 employees of our Group. Prior to the Reorganisation, our employee share platform was Xinjiang Rongying.
Mr. Gao <sup>(6)</sup> . . . . .	Yantai Longhe	Wholly-controlled by Mr. Gao <sup>(7)</sup>
Xingmin ITS <sup>(6)</sup> . . . . .	Lianxing Yongsheng Investment	Wholly-owned by Xingmin ITS
Hongsheng Investment <sup>(6)</sup> . . . . .	Profit Channel	Independent from each other
Lingyu Investment <sup>(6)</sup> . . . . .	Lingyu Co-stone	Wholly-owned by Lingyu Investment
Huaixin Investment <sup>(6)</sup> . . . . .	Huaixin Co-stone	Wholly-owned by Huaixin Investment
Huiheng Investment <sup>(6)</sup> . . . . .	Huiheng Investment	Same entity
Cova Investment . . . . .	Cova Investment	Same entity

*Notes:*

- (A) This column shows the shareholders of Guanglian Saixun or Guanglian Shuke prior to the Reorganisation.
- (B) This column shows the shareholders of our Company immediately after the completion of the Reorganisation.
- (1) Prior to the Reorganisation, Mr. Zhu Lei indirectly held interests in Guanglian Saixun through Zhenghe Futong and Xinjiang Rongying, and he is a party acting in concert with Mr. Zhu Hui pursuant to the Acting in Concert Confirmation. On 31 March 2023, Future Expectations transferred its 6,599,333 ordinary Shares to ZL-expectations due to Mr. Zhu Lei’s personal wealth and shareholding structure arrangement.
- (2) Prior to the Reorganisation, Mr. Zhu Hui indirectly held interests in Guanglian Saixun through Zhenghe Futong, Xinjiang Rongying and Shanghai Xiangru, and he is a party acting in concert with Mr. Zhu Lei pursuant to the Acting in Concert Confirmation. On 31 March 2023, Future Tendency transferred its 15,834,306 ordinary Shares to ZH-tendency due to Mr. Zhu Hui’s personal wealth and shareholding structure arrangement.
- (3) Prior to the Reorganisation, Mr. Jiang indirectly held interests in Guanglian Saixun through Zhenghe Futong. On 31 March 2023, Visionary Leader transferred its 5,188,672 ordinary Shares to J-Visionary due to Mr. Jiang’s personal wealth and shareholding structure arrangement.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (4) Prior to the Reorganisation, Mr. Zhao directly held interest in Guanglian Saixun and also indirectly through Xinjiang Rongying and Zhenghe Futong. On 31 March 2023, Intelligent Leader transferred its 1,800,040 ordinary Shares to ZZ-Intelligent due to Mr. Zhao’s personal wealth and shareholding structure arrangement.
- (5) Prior to the Reorganisation, certain employees of our Group indirectly held interests in Guanglian Saixun through Zhenghe Futong, Shanghai Xiangru and Xinjiang Rongying.
- (6) Prior to the Reorganisation, each of Mr. Gao, Xingmin ITS, Hongsheng Investment, Lingyu Investment, Huaixin Investment and Huiheng Investment held interests directly in Guanglian Saixun.
- (7) Yantai Longhe is held as to 25% by each of Mr. Gao (a director of Guanglian Saixun from May 2016 to May 2023), Mr. Cui (our non-executive Director), Mr. Wang Zhicheng (王志成) and Mr. Zou Fangkai (邹方凯). Mr. Wang Zhicheng is a relative of Mr. Gao. Mr. Zou Fangkai is a relative of each of Mr. Cui and Mr. Zou, each being one of our non-executive Director, and therefore a connected person. The shareholders of Yantai Longhe have entered into an acting in concert agreement. According to the acting in concert agreement, the shareholders of Yantai Longhe have agreed that the voting opinion of Mr. Gao shall be the final unanimous voting opinion of Yantai Longhe. As such, Mr. Gao is deemed to have control over Yantai Longhe.
- (8) Prior to the Reorganisation, Guanglian Saixun was held as to (a) 21.50% by Zhenghe Futong (whose general partner is a company that is 75% controlled by Mr. Zhu Lei and Mr. Zhu Hui and 25% held by Mr. Jiang), (b) 20.57% by Xinjiang Rongying (whose general partner is a limited liability partnership (whose general partner is Mr. Zhu Hui)), (c) 8.47% by Shanghai Xiangru (whose general partner is Mr. Zhu Hui), and (d) 1.30% by Mr. Zhao Zhan. Mr. Zhu Lei and Mr. Zhu Hui, who are parties acting in concert, are therefore shareholders of Guanglian Saixun who held a controlling interest. As part of the Reorganisation, the voting control by Mr. Zhu Lei and Mr. Zhu Hui is reflected in their respective holding vehicles’ holdings in the Company. Please also refer to “Voting Rights Entrustment Agreement” in this section and “Relationship with our Controlling Shareholders Group—Our Controlling Shareholders Group” in this document.

For the purpose of reflecting of the special rights of the Series A [REDACTED] Investors and the Series B [REDACTED] Investor (together the “**Series A and B [REDACTED] Investors**”) that were granted to them under the Domestic Investment Agreement, our Company, the then Shareholders and the Registered Shareholders entered into the Shareholders’ Agreement on 12 August 2022 to substantially reflect the rights and obligations granted to the Series A and B [REDACTED] Investors in their equivalent entities who are our offshore subscribers under the Domestic Investment Agreement. All the special rights granted to the [REDACTED] Investors had been terminated upon our filing of the [REDACTED] to the Stock Exchange, on the condition that the terminated special rights shall be reinstated if the [REDACTED] does not take place. For details of the special rights granted to the Series A and B [REDACTED] Investors, please refer to “[REDACTED] Investments – Principal terms of the [REDACTED] Investments” in this section.

### Payment by the Offshore Shareholders for the allotment and issue of Shares

After settlement by Guanglian Saixun of the funds payable under the GS Capital Reduction, the amounts payable by each of Yantai Longhe, Lianxing Yongsheng Investment, Profit Channel, Lingyu Co-stone, Huaixin Co-stone and Huiheng Investment in respect of their subscription of Shares in our Company were duly paid between the period of 15 February 2023 to 19 April 2023.

The subscription price for the subscription of our Shares by Cova Investment was fully-paid on 12 May 2023.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Setting up and implementation of the Contractual Arrangements

On 24 March 2023, various contracts underlying the Contractual Arrangements were entered into by parties including Guanglian Shuke, Guanglian Saixun, the Registered Shareholders, general partners of the Registered Shareholders, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang, Mr. Zhao, and their respective spouse, whereby Guanglian Shuke will be in a position to exert management control over Guanglian Saixun in the PRC, to obtain substantially all of its economic benefits and to prevent the leakage of assets or value from Guanglian Saixun. The Contractual Arrangements comprise the following contracts:

- Exclusive Business Cooperation Agreement (獨家業務合作協議);
- Exclusive Option Agreement (獨家購買權協議);
- Shareholders’ Rights Proxy Agreement (股東表決權委託協議);
- Equity Pledge Agreements (股份質押協議); and
- Spousal Undertakings (配偶承諾函).

Please refer to the section headed “Contractual Arrangements” for further details. Since the entering into of the Contractual Arrangements with our Company, Guanglian Saixun has become our Consolidated Affiliated Entity.

As at the Latest Practicable Date, the Reorganisation had been completed in compliance with relevant laws and regulations.

### VOTING RIGHTS ENTRUSTMENT AGREEMENT

Further purpose of further enhancing the decision-making efficiency at the general meetings of the Company and ensuring the effective implementation of the strategy of the Group, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang and Mr. Zhao and their respective controlled entities and Rongying BVI entered into the Voting Power Entrustment Agreement, pursuant to which, for a period of 12 months starting from the [REDACTED], each of Mr. Jiang, Mr. Zhao and their respective controlled entities, and Rongying BVI, entrusted Mr. Zhu Lei and Mr. Zhu Hui to jointly exercise the voting rights attached to the Shares held by each of them. As at the date of the agreement, subject to any adjustments as may be necessary to reflect any share issue, subdivision or any similar events on or before [REDACTED], Mr. Zhu Lei and Mr. Zhu Hui shall be entitled to exercise voting rights over the voting powers entrusted to them, including but not limited to the right to sign relevant documents, cast votes over each matter to be considered and voted at general meetings and board meetings, except that each of the ZH-tendency, ZL-expectations, J-Visionary, ZZ-Intelligent and Rongying BVI retains all the economic rights, as the holder or ultimate beneficial owner of the Shares, such as the right to receive dividends on the Shares and the right to dispose of the Shares in accordance with applicable laws and regulations and the Articles of Association.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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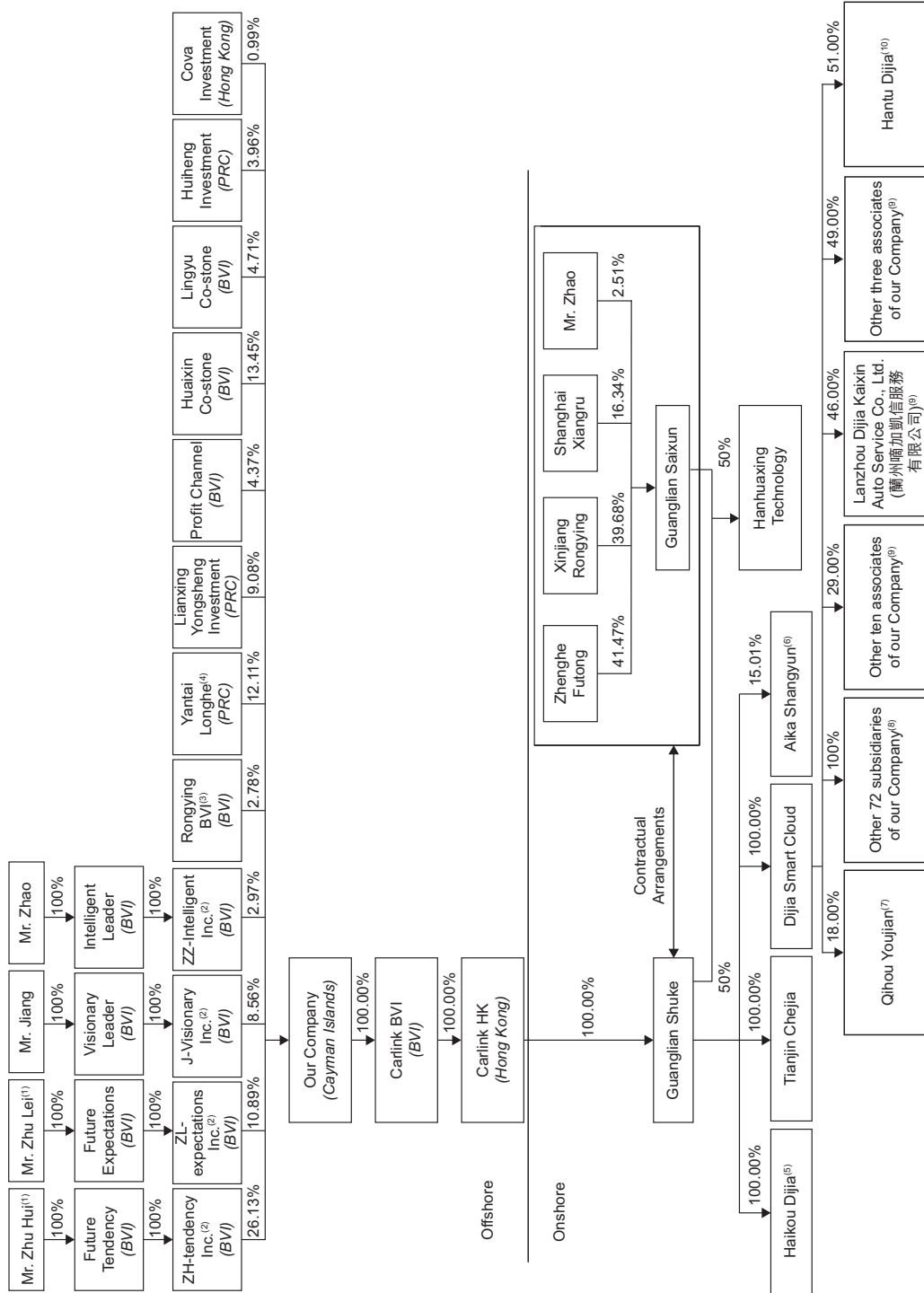
Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang and Mr. Zhao considered that by entering into the Voting Rights Entrustment Agreement would enable Mr. Zhu Lei and Mr. Zhu Hui to exercise the joint control of our Company, and allow Mr. Zhu Lei and Mr. Zhu Hui to retain flexibility in dealing in the shareholding of the Company, if needed. The duration of the entrustment arrangement was set for a preliminary duration of 12 months after [REDACTED] because the shareholders wish to maintain continuity in decision making at the shareholder level of our Company, and the effectiveness of the Voting Rights Entrustment Agreement would be reviewed close to its expiry, and if necessary, modifications can be made to enhance the leadership of Mr. Zhu Lei and Mr. Zhu Hui and control in exercising and implementing the management and operations of our Group,

Based on the Voting Rights Entrustment Agreement, and by virtue of the Acting in Concert Confirmation, Mr. Zhu Lei and Mr. Zhu Hui are considered as a group of controlling shareholders. As such, as at the Latest Practicable Date, Mr. Zhu Lei and Mr. Zhu Hui, together with their respective controlled-entities, namely, ZH-tendency, ZL-expectations, Future Tendency and Future Expectation are members of our Controlling Shareholders Group, effectively control approximately 51.33% of the voting rights of our Company, and will control approximately [REDACTED]% of the voting rights of our Company immediately after the completion of the [REDACTED] (without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme). For details, see section headed “Relationship with Our Controlling Shareholders Group” of this document.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### SHAREHOLDING AND CORPORATE STRUCTURE

Our group structure as at the Latest Practicable Date and prior to the completion of the [REDACTED] and the [REDACTED] is as follows:





## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

*Notes:*

- (1) Mr. Zhu Hui and Mr. Zhu Lei are parties acting in concert with each other. For details, please refer to the section headed “Relationship with our Controlling Shareholders Group—Our Controlling Shareholders Group—Acting in Concert Confirmation” in this document.
- (2) Pursuant to the Voting Rights Entrustment Agreement, Mr. Zhu Lei and Mr. Zhu Hui were entrusted by, among others, J-Visionary, ZZ-Intelligent and Rongying BVI to exercise the voting rights attached to approximately 14.31% of the total issued share capital of the Company.
- (3) Rongying BVI is a shareholding platform of our employees, which was incorporated under the law of BVI on 7 January 2022.
- (4) Pursuant to a deed of equitable share mortgage dated 21 April 2023, 7,337,100 ordinary Shares of par value US\$0.0001 each was registered in the name of Yantai Longhe have been mortgaged in favour of Guangxi Free Trade Zone HuoZhenDuo Network Technology Co., Ltd (廣西自貿區活真多網絡科技有限公司).
- (5) Haikou Dijia Technology Co., Ltd. (海口市嘀加科技有限公司), a limited company established under the laws of the PRC on 27 July 2023, is a wholly-owned subsidiary of Guanglian Shuke since its establishment and is ultimately wholly-owned by our Company. Haikou Dijia has not commenced business operations as at the Latest Practicable Date.
- (6) The remaining 84.99% of Aika Shangyun is held directly by Sainade (Beijing) Information Technology Co. Ltd. (塞納德(北京)信息技術有限公司) and Beijing Zhide Diankang E-Commerce Co. Ltd. (北京智德典康電子商務有限公司), companies deemed to be majority controlled by Mr. Zhang Wei, as to 67.99% and 17.00% respectively.
- (7) The remaining 82.00% of Qihou Youjian is held directly by Shenzhen City Muwei Auto Cultural Partnership (Limited Partner) (深圳市目維汽車文化合夥企業(有限合夥)), Han Zhuoheng (韓卓恒), Zhao Guangming (趙光明) and Wuhan Xingjiameng Auto Services Company Limited (武漢興嘉盟汽車服務有限公司) as to 52.0%, 16.0%, 9.0%, and 5.0%, respectively, all of which were Independent Third Parties.
- (8) As at the Latest Practicable Date, there were 72 other subsidiaries of our Company that were established to carry out our business covering various regions of China but do not individually contribute material revenue to our Group as a whole, and are therefore not our principal subsidiaries. For further details of the subsidiaries of our Company as at 31 December 2021, 2022 and 2023, please refer Note 39 of the Accountant’s Report in Appendix I to this document. For further details of the subsidiaries of our Group established after the Track Record Period, please refer to the section headed “Statutory and General Information—A. Further Information about Our Group—5. Changes in share capital of our subsidiaries” in Appendix IV to this document.
- (9) Set out below is information of other shareholders of the 14 associates of our Company as at the Latest Practicable Date:

No.	Name of associate	Other Shareholders
1.	Yantai Dijia Caiyi Auto Service Co., Ltd. (煙台市嘀加彩一汽車服務有限責任公司)	The remaining 71.00% were held by Jinan Dingdong Auto Service Co., Ltd. (濟南鼎東汽車服務有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
2.	Urumqi Dijia Lanka Auto Service Co., Ltd. (烏魯木齊嘀加藍卡汽車服務有限責任公司)	The remaining 71.00% were held by Xinjiang Jiuqianli Auto Service Co., Ltd. (新疆九千里汽車服務有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

No.	Name of associate	Other Shareholders
3.	Guiyang Dijia Xinhuida Auto Service Co., Ltd. (貴陽市嘀加鑫匯達汽車服務有限責任公司)	The remaining 71.00% were held by Guizhou Yaoshuntong Auto Service Co., Ltd. (貴州垚舜通汽車服務有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
4.	Dijia Niumowang (Jinan) Automotive Products Service Co., Ltd. (嘀加牛膜王(濟南)汽車用品服務有限責任公司)	The remaining 71.00% were held by Shandong Jinxin Automotive Decoration Co., Ltd. (山東金鑫汽車美容裝飾有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
5.	Dijia Jinxin (Jinan) Automotive Products Service Co., Ltd. (嘀加金鑫(濟南)汽車用品服務有限責任公司)	The remaining 71.00% were held by Shandong Jinxin Automotive Decoration Co., Ltd. (山東金鑫汽車美容裝飾有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
6.	Luoyang Dijiahui Auto Service Co., Ltd. (洛陽嘀加惠汽車服務有限公司)	The remaining 71.00% were held by Henan Cheshihui Industrial Development Co., Ltd. (河南省車實惠實業發展有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
7.	Gansu Dijia Yimen Auto Service Co., Ltd. (甘肅嘀加一門汽車服務有限公司)	The remaining 71.00% were held by Gansu Yimen Automotive Decoration Service Co., Ltd. (甘肅一門汽車裝飾服務有限責任公司) and Shenzhen Huanteng Shidai Technology Co., Ltd. (深圳市歡騰時代科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
8.	Jiujiang Dike Xinlian Auto Service Co., Ltd. (九江嘀科鑫聯汽車服務有限責任公司)	The remaining 71.00% were held by Jiujiang Xinzhonglian Auto Service Co., Ltd. (九江鑫眾聯車汽車服務有限公司) and Zhongying Hengfa (Shenzhen) Technology Co., Ltd. (中贏恒發(深圳)科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
9.	Inner Mongolia Dijia Meitu Auto Service Co., Ltd. (內蒙古嘀加美圖汽車服務有限公司)	The remaining 71.00% were held by Hulunbeier Ruixiang Automobile Sales and Service Co., Ltd. (呼倫貝爾瑞祥汽車銷售服務有限公司) and Shenzhen Huanteng Shidai Technology Co., Ltd. (深圳市歡騰時代科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
10.	Yunnan Dijia Pilipala Auto Service Co., Ltd. (雲南嘀加囉哩啞汽車服務有限公司)	The remaining 71.00% were held by Yunnan Pilipala Auto Service Co., Ltd. (雲南囉哩啞汽車服務有限公司) and Shenzhen Huanteng Shidai Technology Co., Ltd. (深圳市歡騰時代科技有限公司) as to 49.00% and 22.00%, respectively, both of which were Independent Third Parties.
11.	Lanzhou Dijia Kaixin Auto Service Co., Ltd. (蘭州嘀加凱信汽車服務有限公司)	The remaining 54.00% were held by Lanzhou Jiadi Auto Decoration Service Co., Ltd. (蘭州佳迪汽車裝飾服務有限公司) and Shenzhen Huanteng Shidai Technology Co., Ltd. (深圳市歡騰時代科技有限公司) as to 49.00% and 5.00%, respectively, both of which were Independent Third Parties.
12.	Beijing Xinzhi Car Owner Service Co., Ltd. (北京市新智車主汽車服務有限公司)	The remaining 51.00% were held by Nanjing Qurong Network Technology Co., Ltd. (南京趣融網絡技術有限公司), which was an Independent Third Party.
13.	Guangzhou Xinzhi Car Owner Service Co., Ltd. (廣州新智車主汽車服務有限公司)	The remaining 51.00% were held by Nanjing Qurong Network Technology Co., Ltd. (南京趣融網絡技術有限公司), which was an Independent Third Party.
14.	Ningxia Xinzhi Car Owner Service Co., Ltd. (寧夏新智車主汽車服務有限公司)	The remaining 51.00% were held by Nanjing Qurong Network Technology Co., Ltd. (南京趣融網絡技術有限公司), which was an Independent Third Party.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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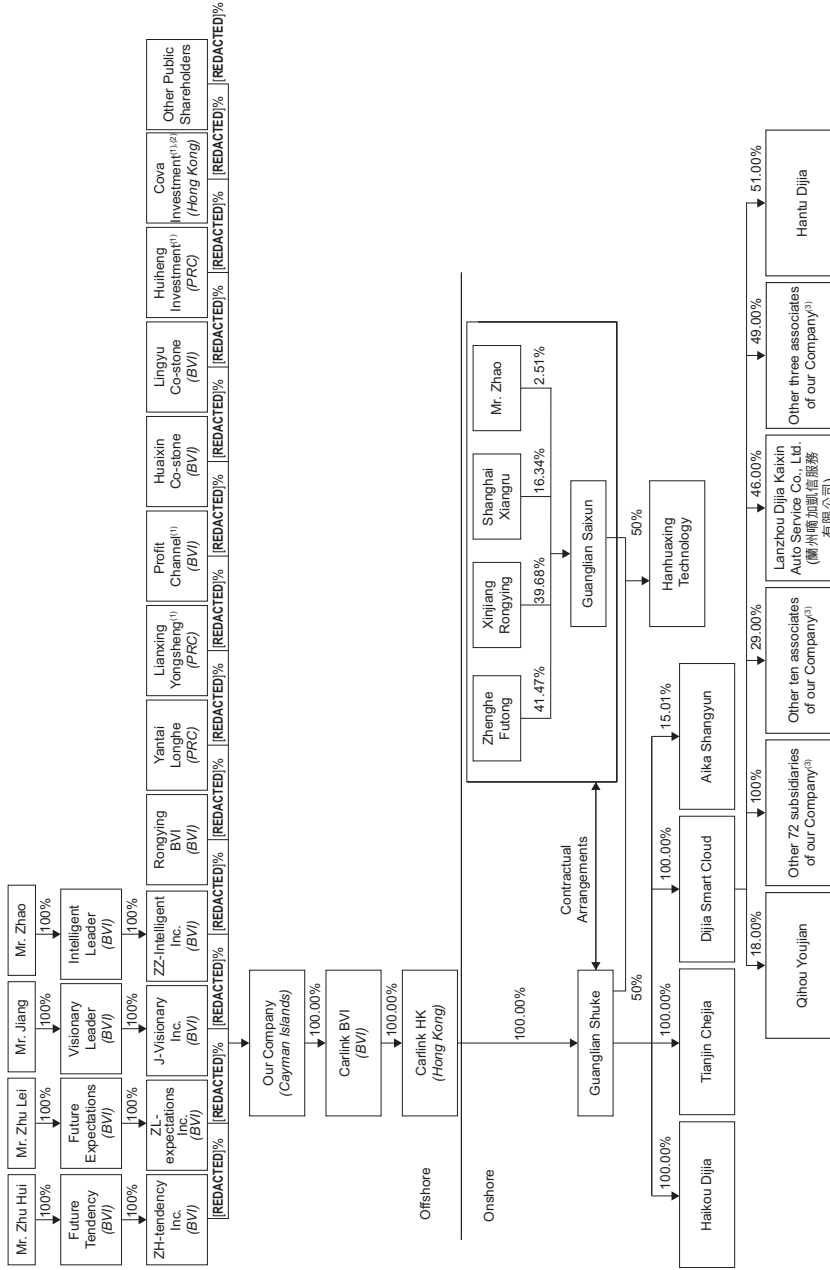
- (10) As at the Latest Practicable Date, the remaining 49.00% of Hantu Dijia were held directly by Shaanxi Hantu Lingyu Technology Co., Ltd. (陝西悍途領馭科技有限公司), which was an Independent Third Party.

[REDACTED]

Conditional upon the crediting of our Company’s share premium account as a result of the [REDACTED] of the [REDACTED] pursuant to the [REDACTED], our Directors are authorised to capitalise an amount of US\$[REDACTED] standing to the credit of the share premium account of our Company by applying such sum towards paying up in full at par the [REDACTED] and [REDACTED] of a total of [REDACTED] Shares, immediately prior to the [REDACTED], to our Shareholders whose names appear on the register of members of our Company as at [REDACTED], on a pro rata basis.

**HISTORY, REORGANISATION AND CORPORATE STRUCTURE**

The following chart sets forth our group structure immediately upon the completion of the [REDACTED] and the [REDACTED] (but without taking into account of the Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme):



Note (1): Each of Lianxing Yongsheng, Profit Channel, Huiheng Investment and Cova Investment are beneficially owned by Independent Third Parties. The Shares held by each of them are considered as part of the public float of our Company upon [REDACTED].

(2): [REDACTED]

(3): The number of subsidiaries and associates of our Company as at the Latest Practicable Date.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### [REDACTED] INVESTMENTS

#### Principal terms of the [REDACTED] Investments

On 21 June 2019, Guanglian Saixun, the then equity holders of Guanglian Saixun other than the Series A [REDACTED] Investors and the Series A and B [REDACTED] Investors entered into the Domestic Investment Agreement, which set out key terms of the [REDACTED] Investments.

On 11 April 2022, Guanglian Shuke increased its registered capital by RMB386,598, all of which was contributed by Cova Investment.

The following table summarises the key terms of the [REDACTED] Investments:

Name of [REDACTED] Investors	Series A [REDACTED] Investors			Series B [REDACTED] Investor	Other [REDACTED] Investors			
	Mr. Gao <sup>(4)</sup>	Xingmin ITS <sup>(5)</sup>	Hongsheng Investment <sup>(6)</sup>	Lingyu Investment <sup>(7)</sup>	Huaixin Investment <sup>(8)</sup>	Huiheng Investment	Profit Channel	Cova Investment
Date of [REDACTED] Agreement . . . . .	5 April 2016	11 May 2016	5 April 2016	21 June 2019	27 July 2020	27 July 2020	12 August 2022	30 December 2022
Date of completing payment of full consideration . . . . .	30 May 2016	30 May 2016	30 May 2016	19 July 2019	21 October 2020	14 August 2020	21 March 2023	12 May 2023
Amount of consideration paid (RMB) <sup>(1)</sup> . . . . .	98,000,000	73,500,000	73,500,000	50,000,000	67,942,900	20,000,000	22,047,500	5,000,000
Equivalent number of shares subscribed (and approximate percentage of shareholding) in our Company . . . . .	7,337,100 (12.1074%)	5,502,840 (9.0806%)	5,502,840 (9.0806%)	2,857,140 (4.7148%)	8,153,160 (13.4541%)	2,400,000 (3.9604%)	2,645,700 (4.3658%)	600,000 (0.9901%)
Equivalent number of shares held (and approximate percentage of shareholding) in our Company upon [REDACTED] . . . . .	See the paragraph headed “Shareholding and Corporate Structure” for the shareholding in our Company held by the [REDACTED] Investors immediately after completion of the [REDACTED] and [REDACTED].							
Cost per Share paid under the [REDACTED] Investments (RMB) <sup>(2)</sup> . . . . .	2.7	2.7	2.7	3.5	1.7	1.7	1.7	1.7
[REDACTED] to the [REDACTED] (Approximate) <sup>(2)</sup> . . . . .	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Valuation of our Company (Approximate) <sup>(3)</sup> (RMB) . . . . .	801,400,000	801,400,000	801,400,000	1,050,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Lock-up Period . . . . .	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
[REDACTED] from the [REDACTED] Investments . . . . .	The net proceeds that we received from the [REDACTED] Investments were used for the business expansion and other general working capital purposes of our Group.							

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

*Notes:*

- (1) As far as the Directors are aware, the considerations of the capital increase and the equity transfers were determined with reference to, among other factors, (i) the then valuation of the Company before the relevant transactions; (ii) the special rights and benefits granted to the Series A [REDACTED] Investors and Series B [REDACTED] Investor; (iii) the commercial negotiation among the relevant [REDACTED] Investors and the then shareholders of Guanglian Saixun and (iv) the then market condition. In particular:
  - (i) Each of the Series A [REDACTED] Investors has invested in Guanglian Saixun through (a) capital increase and (b) acquisition from Ms. Guo, a then shareholder of Guanglian Saixun. The post-money valuation of our Company indicated the Series A [REDACTED] Investors' confidence in our Group.
  - (ii) On 21 June 2019, Hongsheng Investment transferred approximately 4.76% registered capital in Guanglian Saixun to Lingyu Investment. The consideration was determined by the parties after arm's length negotiations with reference to the agreed valuation of Guanglian Saixun in Series A Investment and the rights and benefits attached to the shares. The equity transfer allowed Hongsheng Investment to realise its investment.
  - (iii) On 27 July 2020, Ms. Hu, one of the then equity holders of Guanglian Saixun, entered into equity transfer agreements to transfer approximately 13.59% and 4.00% of equity interest in Guanglian Saixun to Huaixin Investment and Huiheng Investment, at cash considerations of RMB67,942,900 and RMB20,000,000, respectively, which were determined by the parties after arm's length negotiations.
  - (iv) The amounts of consideration paid by Profit Channel and Cova Investment were determined with reference to a financial due diligence report prepared by an independent accounting firm on the financial conditions of our Group as at 31 December 2021.
- (2) The cost per Share is adjusted with reference to the total issued Share number of the Company after the [REDACTED]. The [REDACTED] to the [REDACTED] is calculated based on the assumption that the [REDACTED] is HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range) and after the [REDACTED].
- (3) Valuation is calculated by dividing the total consideration paid by the relevant [REDACTED] Investors for subscribing or acquiring registered capital of our Company by the total percentage of Shares allotted to (or otherwise acquired by) the [REDACTED] Investors. As far as the Directors are aware, the different valuation for the various rounds of [REDACTED] Investments included the following considerations:

Series A [REDACTED] Investors (Mr. Gao, Xingmin ITS, Hongsheng Investment)

- Valuation of the Company before the relevant investment decision was made; and
- Special rights being granted to the Series A [REDACTED] Investors.

Series B [REDACTED] Investor (Lingyu Investment)

- Valuation of the Company before the relevant investment decision was made;
- Special rights being granted to the Series B [REDACTED] Investor; and
- Series B [REDACTED] Investor acquired the equity interest of Guanglian Saixun from Hongsheng Investment (one of our Series A [REDACTED] Investors). Hence, the consideration paid by Lingyu Investment would be higher than the previous round of [REDACTED] Investment such that Hongsheng Investment can realise part of its investment in Guanglian Saixun.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Huaixin Investment and Huiheng Investment

- Valuation of the Company before the relevant investment decision was made;
- No special rights were being granted to Huaixin Investment and Huiheng Investment by Guanglian Saixun;
- Commercial negotiation between the Huaixin Investment and Huiheng Investment and Ms. Hu, an early investor into Guanglian Saixun, and Ms. Hu's personal financial needs to cash out her investment; and
- In view of the commercial uncertainty caused by COVID-19 and the market condition, Ms. Hu decided to divest her investment in July 2020.

### Profit Channel and Cova Investment

- Valuation of the Company before the relevant investment decision was made, which was around the end of 2021;
- The timing of the investment; and
- Then market condition before the investment.

Our Directors confirm that each of Huaixin Investment, Huiheng Investment, Profit Channel and Cova Investment had come to an understanding that they would invest on the basis of an RMB500 million valuation of our Group at around year 2020 and 2021. The delay in Profit Channel and Cova Investments signing the formal investment agreements and settling their payments as their actual investments were intended to coincide with the implementation of a specific Reorganisation step in preparing our Group for [REDACTED]. (i) Cova Investment invested into Guanglian Shuke as part of our Group's Reorganisation, which was converted Guanglian Shuke into a sino-foreign joint venture, and (ii) Profit Channel's investment coincided with the exit by Hongsheng Investment, at the offshore level. The Reorganisation in turn was affected by significant market uncertainty in mid-to-end 2022 from the continuing COVID-19 lock-downs and also timing that our Group wishes to make the [REDACTED], and therefore Cova Investment and Profit Channel only entered into their respective [REDACTED] Investment Agreement on 12 August 2022 and 30 December 2022.

The Directors believe that the difference between the implied valuation was mainly due to (i) the [REDACTED] Investments occurred in and after 2020 involved acquisition of existing equity interest in Guanglian Saixun at onshore level from the early investor; (ii) the valuation of the Company before the [REDACTED] Investment; (iii) the time of when the investment valuation was agreed by the [REDACTED] Investor and the Group and/or the selling shareholder and (iv) the general market condition before the investment.

- (4) As a result of the Reorganisation, Yantai Longhe subscribed for the Shares on behalf of Mr. Gao. Yantai Longhe is a company established under the laws of the PRC on 13 April 2016, which is held as to 25% by each of Mr. Gao, Mr. Cui, Mr. Wang Zhicheng (王志成), and Mr. Zou Fangkai (鄒方凱). These parties have entered into an acting in concert agreement and Mr. Gao is deemed to have control over Yantai Longhe.
- (5) As a result of the Reorganisation, Lianxing Yongsheng subscribed for the Shares on behalf of Xingmin ITS. Lianxing Yongsheng is a partnership limited established under the laws of the PRC on 18 July 2018 which is controlled by Xingmin ITS.
- (6) Hongsheng Investment subsequently transferred some of its [REDACTED] investment to Lingyu Investment in 2019, and it ceased to hold any interest in our Group upon completion of the GS Capital Reduction in 2023. This number represents the shares initially acquired by Hongsheng Investment.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (7) As a result of the Reorganisation, Lingyu Co-Stone subscribed the Shares on behalf of Lingyu Investment. Lingyu Co-Stone is a company incorporated under the laws of BVI on 14 April 2022 which is controlled by Lingyu Investment.
- (8) As a result of the Reorganisation, Huaixin Co-Stone subscribed the Shares on behalf of Huaixin Investment. Huaixin Co-Stone is a company incorporated under the laws of BVI on 14 April 2022 which is controlled by Huaixin Investment.

### Use of proceeds from and strategic benefits of the [REDACTED] Investments

The funds raised from the [REDACTED] Investments and received by our Group were used for general working capital purposes. As at the Latest Practicable Date, all the funds raised from the [REDACTED] Investments have been utilised.

We are of the view that our Group can benefit from the [REDACTED] Investors' investments in the Company and their investments demonstrated their confidence in our Group's operations and served as an endorsement of our Group's performance, strengths and prospects. We are also of the view that most of the [REDACTED] Investors can provide us with professional advice on our Group's development and can help us achieve business synergies through enhanced business cooperation. At the time of the [REDACTED] Investments, the Directors believe that our Company would benefit specifically in the following ways:

1. *Provide additional capital support to our Group's development:* Our [REDACTED] Investors were institutions and individuals who had injected substantial funds into our Group. These funds were used to expand the scale of our business, enhance our research and development functions and marketing efforts. Further, our Directors believe that we could benefit from the business network of our [REDACTED] Investors, who would be able to bring us more business opportunities.
2. *Provide strategic guidance and experience:* Our [REDACTED] Investors were institutional investors or experienced investors who have in-depth knowledge and insight into the industry. Our Directors believe that the [REDACTED] Investors can provide insights and recommendation in formulating our strategy in future business development, and improve our corporate governance, financial reporting and internal control.
3. *Increase our reputation:* Our [REDACTED] Investors were well-known institutional investors and experienced individual investors. Our Directors are also of the view that the [REDACTED] Investors' investments could bring more attention to our Group, and enhance our reputation and visibility. This has a positive impact on our Group's further business expansion and attract more customers and partners.



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### Rights of the [REDACTED] Investors

Pursuant to the agreements entered into by and among our Group and the [REDACTED] Investors, our Series A [REDACTED] Investors, Series B [REDACTED] Investor and Profit Channel were entitled to, among other rights; (i) redemption rights; (ii) anti-dilution rights; (iii) pre-emptive rights; (iv) right of first offer and co-sale right, (v) information rights; (vi) rights to nominate directors, and (vii) profit guarantee.

Pursuant to the supplemental agreement entered into by our Company and the [REDACTED] Investors dated 22 May 2023, all the special rights granted to the [REDACTED] Investors had been terminated upon our filing of the [REDACTED] to the Stock Exchange, on the condition that the terminated special rights shall be reinstated if the [REDACTED] does not take place.

### Sole Sponsor’s confirmation

The Sole Sponsor has confirmed that the [REDACTED] Investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants, and paragraphs 16 to 19 in Chapter 4.2 of the Guide for New Listing Applicants is not applicable as no convertible instrument was issued.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### Information about our [REDACTED] Investors

Set out below is the background information of our [REDACTED] Investors who remained as a Shareholder of our Company as at the Latest Practicable Date:

<u>[REDACTED] Investor</u>	<u>Background</u>
Mr. Gao/ Yantai Longhe . . . . .	<p>Mr. Gao is a director of Yantai Longhe. Yantai Longhe, a company established under the laws of the PRC on 13 April 2016, which is held as to 25% by each of Mr. Gao, Mr. Cui, Mr. Wang Zhicheng (王志成), and Mr. Zou Fangkai (鄒方凱). The subscription amount paid by Yantai Longhe pursuant to the Reorganisation Framework Agreement was solely contributed by Mr. Gao. Further, the shareholders of Yantai Longhe entered into an acting in concert agreement, pursuant to which the shareholders of Yantai Longhe have agreed that the voting opinion of Mr. Gao shall be the final unanimous voting opinion of Yantai Longhe. As such, Mr. Gao is deemed to have control over Yantai Longhe. Mr Gao served as the Chairman and the general manager of Xingmin Lichi Co. Ltd. (興民力馳有限責任公司), a subsidiary of Xingmin ITS, since July 2018 and he served as a director and the president of Xingmin ITS since March 2011 and January 2022, respectively. Mr. Gao joined our Group in May 2016 as a director of Guanglian Saixun. Mr. Gao is an experienced investor who primarily invests in the technology industry. Mr. Gao and Xingmin ITS came to know about our Group through a financial adviser of the Company through an automotive industry sharing session organised by the China Merchants Securities Co., Ltd. (招商證券股份有限公司) (the “[REDACTED] Sponsor”) in or around December 2015. Having considered the long-term prospects of our business operations, Mr. Gao acquired interests in Guanglian Saixun from one of the then shareholders through capital contribution by subscribing registered capital in 2016. Yantai Longhe nominated Mr. Cui, to our Board as a non-executive Director of our Company. For Mr. Cui’s biography, please refer to the section headed “Directors and Senior Management” in this document. Mr. Gao ceased to hold any position in our Group since May 2023.</p>

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<u>[REDACTED] Investor</u>	<u>Background</u>
Xingmin ITS/Lianxing Yongsheng . . . . .	Xingmin ITS is a company listed on the Shenzhen Stock Exchange (stock code: 002355), a company that primarily engages in wheel production and in-vehicle hardware and data services. Mr. Gao served as a director and the president of Xingmin ITS since March 2011 and January 2022, respectively. Having considered the long-term prospects of our business operations, Xingmin ITS acquired interests in Guanglian Saixun from one of the then shareholders through capital injection by subscribing registered capital in 2016. Lianxing Yongsheng nominated Mr. Zou as a non-executive Director of our Company. For Mr. Zou’s biography, please refer to the section headed “Directors and Senior Management” in this document.
Lingyu Investment . . . . .	Lingyu Investment is a limited partnership established in the PRC on 26 May 2016. The general partner of Lingyu Investment is Shenzhen City Lingxin Jishi Equity Investment Fund Management Partnership (Limited Partnership) (深圳市領信基石股權投資基金管理合夥企業(有限合夥)) (“ <b>Lingxin Jishi</b> ”), which in turn is owned as to 99.0% by Urumqi Phoenix Equity Investment Management Limited Partnership (烏魯木齊鳳凰基石股權投資管理有限合夥企業) (“ <b>Urumqi Phoenix</b> ”) and 1.0% by Urumqi Kunlun Co-stone Equity Investment Management Company Limited (烏魯木齊昆侖基石創業投資有限公司) (“ <b>Urumqi Kunlun</b> ”). Lingyu Investment has 19 limited partner and its largest limited partner is Shenzhen Guide Fund Investment Co., Ltd (深圳市引導基金投資有限公司), which holds 20.23% partnership interests. Lingyu Investment conducts investments with a focus on investments in mid-stage and late-stage venture capital. Lingyu Investment became acquainted with our Group through Mr. Zhu Lei through a business gathering with potential investors in or around February 2019. Having considered the long-term prospects of our business operations, Lingyu Investment acquired interests in Guanglian Saixun from Hongsheng Investment in 2019. Lingyu Investment nominated Ms. Peng Chao (彭超) as a non-executive Director of our Company. For Ms. Peng’s biography, please refer to the section headed “Directors and Senior Management” in this document.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<u>[REDACTED] Investor</u>	<u>Background</u>
Huaixin Investment . . . .	<p>Huaixin Investment is a limited partnership established in the PRC on 29 September 2019. The general partner of Huaixin Investment is Urumqi Phoenix, whose general partner is Shanghai Keshen Management Consulting Co., Ltd. (上海客申管理諮詢有限公司) (“<b>Shanghai Keshen</b>”). Shanghai Keshen is a limited liability company established under the laws of the PRC and is ultimately controlled by Mr. Zhang Wei (張維) (“<b>Mr. Zhang Wei</b>”). Huaixin Investment has two limited partners, Mr. Hu Guanghui (胡光輝) and Ms. Che Jun (車軍), each being an Independent Third Party, who hold approximately 73.48% and 26.38% of the partnership interest, respectively. Huaixin Investment conducts investments with a focus on mid-stage and late-stage venture capital investment. Huaixin Investment became acquainted with our Group through Mr. Zhu Lei through a business gathering with potential investors in or around February 2019. Having considered the long-term prospects of our business and operations, Huaixin Investment acquired interests in Guanglian Saixun from Ms. Hu in 2020. Mr. Zhang Wei also holds a majority interest in an associate of the Company, Aika Shangyun, as at the Latest Practicable Date.</p>
Huiheng Investment. . . .	<p>Huiheng Investment is a limited partnership established in the PRC on 5 July 2019. The general partner of Huiheng Investment is Shanghai Dinghui Baifu Investment Management Co., Ltd. (上海鼎暉百孚投資管理有限公司), which in turn is owned as to 75.00% by Shenzhen City Baiheng Huixin Enterprise Consulting Co., Ltd. (深圳市百恒匯鑫企業顧問有限公司) and 25.00% by Beijing Guangtai Huixin Investment Consulting Co., Ltd. (北京廣泰匯鑫投資顧問有限公司). Huiheng Investment has two limited partners, Ningbo Yuyang Investment Partnership (Limited Partner) (寧波昱暘投資合夥企業(有限合夥)) and Anji Fudao Enterprise Management Consulting Partnership (Limited Partner) (安吉孚道企業管理諮詢合夥企業(有限合夥)), which holds approximately 84.96% and 14.99% of the partnership interest, respectively. Huiheng Investment conducts investments with a focus on investments in early-stage venture capital. Huiheng Investment became acquainted with our Group through Mr. Zhu Lei through a business occasion in or around October 2019. Having considered the long-term prospects of our business and operations, Huiheng Investment acquired interests in Guanglian Saixun from Ms. Hu in 2020.</p>

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<u>[REDACTED] Investor</u>	<u>Background</u>
Cova Investment . . . . .	Cova Investment Holdings Limited is a limited company incorporated in Hong Kong on 30 December 2021. Cova Investment is wholly owned by Mr. Cho Chi Ho (曹智豪), who is an Independent Third Party and an experienced investor primarily invests in the fields of building materials, medical, and technology, media and telecommunications. Cova Investment became acquainted with our Group through Mr. Zhu Lei through a business gathering with potential investors in or around August 2021. Having considered the long-term prospects of our business operations, Cova Investment acquired interests in Guanglian Shuke through capital injection by subscribing registered capital in Guanglian Shuke in 2022.
Profit Channel . . . . .	Profit Channel Development Limited is a limited company incorporated in the BVI on 18 August 2004. Profit Channel is wholly owned by Mr. Yang Bin (楊斌), who is an Independent Third Party and an experienced investor primarily invests in the industries of technologies and healthcare. Mr. Yang has over 20 years of experience in corporate management and is an experienced investor. Profit Channel became acquainted with our Group through Hongsheng Investment through a business occasion in or around October 2021. Having considered the long-term prospects of our business operations, Profit Channel subscribed for our Shares in lieu of Hongsheng Investment in 2022 as part of the Reorganisation. The Directors understand that Hongsheng Investment wished to exit from its investment in Guanglian Saixun.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Set out below is the background information of Hongsheng Investment, one of our [REDACTED] Investors ceased to hold any interest in our Group upon completion of the GS Capital Reduction and immediately after the Reorganisation:

<u>[REDACTED] Investor</u>	<u>Background</u>
Hongsheng Investment . . . . .	Hongsheng Investment is a limited partnership established in the PRC on 4 August 2015. The general partners of Hongsheng Investment are Goldensum Asset Management Co., Ltd. (北京國聖資產管理有限公司) (“ <b>Goldensum Asset</b> ”) and Shihezi Tiancheng Huasheng Equity Investment Management Partnership (Limited Partnership) (石河子市天成華盛股權投資管理合夥企業(有限合夥)). The general partner of Shihezi Tiancheng Huasheng Equity Investment Management Partnership (Limited Partnership) (石河子市天成華盛股權投資管理合夥企業(有限合夥)) is Goldensum Asset, which is a limited liability company established under the laws of the PRC and is owned as to 51.0% by Mr. Zhang Liguó (張利國) and 49.0% by other six individuals jointly. Hongsheng Investment has 14 limited partners, each of whom holds less than 20% of the partnership interest. Hongsheng Investment conducts investments with a focus on venture capital investments in early-stage companies. Hongsheng Investment became acquainted with our Group through China Merchants Securities Co., Ltd. (招商證券股份有限公司), who was the financial adviser of the Company through an automotive industry sharing session organised by them in or around December 2015.

As at the date of this document, each of the existing Shareholders, except Yantai Longhe whose shares are subject to a deed of equitable share mortgage, has provided a voluntary lock up undertaking to the Company not to dispose their Shares within 12 months from the [REDACTED]. Save as disclosed above and in “Directors and Senior Management” and “Substantial Shareholders” sections in this document, each of the [REDACTED] Investor did not have any past or present relationship (including, without limitation, family, business, financing, employment or otherwise) with the Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates, each of the [REDACTED] Investors is an Independent Third Party and, to the best knowledge of our Directors, is independent from each other.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### PUBLIC FLOAT

Upon the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme), (i) Mr. Zhu Hui, Mr. Zhu Lei, Future Tendency, Future Expectations, ZH-tendency, ZL-expectations are parties acting in concert pursuant to the Acting in Concert Confirmation; (ii) J-Visionary, ZZ-Intelligent and Rongying BVI will be held by our executive Directors; (iii) Yantai Longhe will hold 10% or more the voting power at general meeting of the Company; (iv) Lingyu Co-stone and Huaixin Co-stone will in aggregate hold more than 10% of the voting power at general meetings of the Company. As such, each of them are core connected persons of our Company and the Shares held by them or their controlled companies will not be considered as part of the [REDACTED] of our Company upon [REDACTED]. The Shares held by other [REDACTED] Investors, namely Profit Channel, Huiheng Investment, Lianxing Yongsheng and Cova Investment, will be counted towards the [REDACTED] of our Company upon [REDACTED].

### PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that (i) all necessary government approvals and permits from the relevant PRC authorities in respect of the establishment and subsequent equity transfers and changes in registered capital of the PRC subsidiaries of our Group in this section above have been obtained; and (ii) all the relevant legal procedures were completed in compliance with the relevant PRC laws and regulations in all material aspects. Our PRC Legal Adviser has further advised that the Reorganisation (i) has been properly and legally completed; and (ii) all applicable requisite regulatory approvals have been obtained from the relevant PRC authorities. Our Directors also confirm that amounts payable pursuant to the Reorganisation have been settled.

### SAFE Registration

Pursuant to SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "Overseas SPV") that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. Pursuant to the SAFE Circular 37, failure to comply with these registration procedures may result in penalties. Each of Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang, Mr. Zhao and other relevant domestic individual residents who became our Shareholders after completion of the Reorganisation has completed registration as required under SAFE Circular 37.

## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pursuant to the Circular of the SAFE on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "**SAFE Circular 13**") promulgated by SAFE and which became effective on 1 June 2015, the power to accept a SAFE registration was delegated from a local SAFE branch to local banks where the assets or interest in the domestic entity was located.

Pursuant to the Administrative Measures on Overseas Investments by Enterprises (《企業境外投資管理辦法》) and other relevant provisions (the "**ODI Rules**"), a domestic institution shall undergo a registration procedure for foreign investment in accordance with the provisions of the ODI Rules, which require the domestic institution to register or file with the relevant authorities prior to its overseas direct investment and obtain relevant recordation, approval, certificate or permit.

As advised by our PRC Legal Adviser, all PRC residents who are our Shareholders have completed the registration under the SAFE Circular 13 and SAFE Circular 37, and all the ultimate PRC institutional shareholders of our Company who are our Offshore Shareholders have completed the overseas direct investment registration with the local MOFCOM pursuant to the ODI Rules in relation to their offshore investments as domestic institutions.

### M&A Rules

According to the M&A Rules jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAFE on 8 August 2006 and effective on 8 September 2006 and amended in 22 June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM, and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Adviser, unless the CSRC and MOFCOM explicitly require or make different interpretations on the relevant PRC laws and regulations afterwards, prior approval from the CSRC and MOFCOM is not required under the M&A Rules for the [REDACTED] of our Shares on the Hong Kong Stock Exchange, because (a) the Reorganisation did not involve acquisition of equity interest or assets of a PRC domestic entity by an offshore company as defined under the M&A Rules; and (b) there is no statutory provision that explicitly classifies the Contractual Arrangements among Guanglian Shuke, Guanglian Saixun and its shareholders as transactions regulated by the M&A Rules.



## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### PREVIOUS PROPOSED [REDACTED] OF GUANGLIAN SAIXUN ON THE SHENZHEN STOCK EXCHANGE

We intended to conduct the [REDACTED] and [REDACTED] of Guanglian Saixun’s shares previously. Pursuant to relevant rules and regulations of the CSRC and the stock exchanges of the PRC, a [REDACTED] applicant is required to complete a tutoring process before submitting the formal [REDACTED]. Such process includes (i) entering into a tutoring agreement with a sponsor and filing periodic reports with the local office of the CSRC; (ii) receiving the tutoring provided by the sponsor for a period of no less than three months; and (iii) passing the inspection on the tutoring by the local office of CSRC. Guanglian Saixun entered into a comprehensive service agreement with the [REDACTED] Sponsor on 31 May 2017 to engage them to act as the sponsor of Guanglian Saixun in this regard. Further, on 19 November 2020, Guanglian Saixun entered into a tutoring agreement (the “**Guidance Agreement**”) for receiving tutoring by the [REDACTED] Sponsor for the purpose of preparing for [REDACTED] on the ChiNext of the Shenzhen Stock Exchange (the “**Previous Proposed [REDACTED]**”).

Since Guanglian Saixun entered into a service agreement with [REDACTED] Sponsor on 31 May 2017, the [REDACTED] Sponsor had conducted the due diligence exercise including conducting interview with the management and shareholders of the Group, conducting interviews with the customers and suppliers of Guanglian Saixun, reviewing the financial statements of the Group. Based on information provided by the [REDACTED] Sponsor, it did not note any material irregularities against Guanglian Saixun. As advised by the [REDACTED] Sponsor, after achieving the target financial performance in 2020, Guanglian Saixun submitted the tutoring application filing to the CSRC on 27 November 2020.

Our Directors confirm that Guanglian Saixun did not submit any formal [REDACTED] to the Shenzhen Stock Exchange. Hence, Guanglian Saixun did not receive any comment from the CSRC or the Shenzhen Stock Exchange in relation to the Previous Proposed [REDACTED]. The guidance service agreement had been terminated in January 2022. The [REDACTED] Sponsor is not aware of any other material matters that need to be brought to the attention of the Stock Exchange.

Since the execution of the Guidance Agreement and up to the Latest Practicable Date, Guanglian Saixun had not submitted its [REDACTED] to the Shenzhen Stock Exchange as our Company has decided to pursue a [REDACTED] of our Group’s business on the Stock Exchange. Our Company is of the view that, the Stock Exchange, as an internationally recognised and reputable stock exchange, provides a global platform for our Company to improve its brand awareness in both domestic and overseas markets. We therefore terminated the Guidance Agreement in January 2022 during the course of our preparation for the Previous Proposed [REDACTED]. Our Directors confirmed that it was not aware of any material adverse finding about us by the [REDACTED] Sponsor, nor are there any material adverse impacts of the Previous Proposed [REDACTED] on our Company’s [REDACTED] on the Stock Exchange.

Based on the independent due diligence work conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor in relation to the Previous Proposed [REDACTED] which would need to be brought to the attention of the Stock Exchange and the investors under the [REDACTED].

## CONTRACTUAL ARRANGEMENTS

### BACKGROUND

We engage in the business of providing sales of in-vehicle hardware products and SaaS marketing and management services covering SaaS subscription services and SaaS value-added services. Under the PRC laws and regulations, (a) our SCRM system, which forms part of our SaaS marketing and management services, requires us to possess the value-added telecommunications business licence, and (b) our in-vehicle hardware products and SaaS subscription services under SaaS marketing and management services that use location-based user data (together the “**Location-based Services**”), require us to possess a licence relating to internet map services. During the Track Record Period, the revenue and gross profit contribution of the businesses of the Consolidated Affiliated Entity, which are subject to foreign investment restrictions under PRC laws, received and divided into different business types, were as follows:

	FY2022				FY2023			
	Revenue		Gross Profit		Revenue		Gross Profit	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
VAT Business	2,757	5.6	1,019	11.0	1,570	3.2	529	3.9
Location-based								
Services	1,889	3.8	698	7.6	2,272	4.6	766	5.6
Sub-total	4,646	9.4	1,717	18.6	3,842	7.8	1,295	9.5
Other Business ( <i>Note</i> )	45,012	90.6	7,500	81.4	45,626	92.2	12,404	90.5
<b>Total</b>	<b>49,659</b>	<b>100.0</b>	<b>9,217</b>	<b>100.0</b>	<b>49,468</b>	<b>100.0</b>	<b>13,699</b>	<b>100.0</b>

*Note:* Other Business refers to other business that does not require value-added telecommunications business licence or a licence relating to Internet map services

To comply with applicable laws and regulations and in line with common practice in companies conducting value-added telecommunication business and business that relates to internet map services (the “**Relevant Businesses**”) in the PRC, we have established the Contractual Arrangements through a series of agreements among Guanglian Shuke, Guanglian Saixun and the Registered Shareholders on 24 March 2023. As such, we operate our Relevant Businesses through our Consolidated Affiliated Entity and also Hanhuaxing Technology, a company that is owned as to 50% by Guanglian Shuke (an indirectly wholly-owned subsidiary of our Company held through equity) and 50% by our Consolidated Affiliated Entity, Guanglian Saixun. See “History, Reorganisation and Corporate Structure” for further information on Guanglian Saixun and Hanhuaxing Technology.

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## CONTRACTUAL ARRANGEMENTS

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We have entered into a series of contractual arrangements with our Consolidated Affiliated Entity and its Registered Shareholders. The existing agreements underlying the Contractual Arrangements include: (i) the Exclusive Business Cooperation Agreement; (ii) the Exclusive Option Agreement; (iii) the Equity Pledge Agreements; (iv) the Shareholders’ Rights Proxy Agreement; and (v) the Spousal Undertakings. Pursuant to the Contractual Arrangements, all substantial and material business decisions of the Consolidated Affiliated Entity will be instructed and supervised by our Group, through Guanglian Shuke, and all risks arising from the businesses of the Consolidated Affiliated Entity are also effectively borne by our Group as a result of such Consolidated Affiliated Entity being treated as our wholly-owned subsidiary. Accordingly, our Directors consider that it is fair and reasonable for Guanglian Shuke to be entitled to all economic benefits generated by the business operated by the Consolidated Affiliated Entity through the Contractual Arrangements as a whole.

## PRC LAWS RELATING TO FOREIGN INVESTMENT RESTRICTIONS

### Restrictions on foreign ownership

Investment activities in the PRC by foreign investors are mainly governed by the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) (外商投資准入特別管理措施(負面清單)(2021年版)) (the “**2021 Negative List**”), which were promulgated and are amended from time to time jointly by MOFCOM and the NDRC. According to the 2021 Negative List and applicable PRC laws and regulations, our Relevant Business involve certain foreign investment prohibited and restricted businesses and require value-added telecommunication business (the “**VAT Business**”) related licenses (the “**ICP Licenses**”). Guanglian Saixun and Hanhuaxing Technology both currently hold the ICP Licenses for conducting our VAT Business. See “Regulatory Overview—Regulations regarded the value-added telecommunications services and Internet content services—Restrictions on Foreign Ownership in Value-Added Telecommunications Services” in this document for details. On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (外商投資電信企業管理規定) (the “**FITE Regulations**”), which were amended on 10 September 2008, 6 February 2016 and 29 March 2022, respectively. According to the FITE Regulations, foreign investors are restricted from holding equity interests more than 50% of a company providing value-added telecommunications services, unless otherwise stipulated by the authorities. According to the applicable PRC laws and regulations, our Location-based Services that relate to internet map services involve certain foreign investment restricted and prohibited businesses and require a Class B certificate of surveying and mapping (the “**Class B Certificate**”). Guanglian Saixun currently holds the Class B Certificate for conducting our business that relates to our Location-based Services. See “Regulatory Overview—Regulations regarding the Value-added Telecommunications Services and Internet Content Services—Regulations on Internet Map Services” in this document for details. On 19 January 2007, the Ministry of Natural Resources promulgated the Interim Measures for the Administration of the Surveying

## CONTRACTUAL ARRANGEMENTS

and Mapping Conducted by Foreign Organizations or Individuals in China (外國的組織或者個人來華測繪管理暫行辦法), which were amended on 27 April 2011 and 16 July 2019 respectively. According to the Interim Measures for the Administration of the Surveying and Mapping Conducted by Foreign Organizations or Individuals in China, foreign entities shall cooperate or set up a joint venture with the relevant departments or entities of the PRC to conduct surveying and mapping activities in the PRC.

Pursuant to the Contractual Arrangements, all substantial and material business decisions of our Consolidated Affiliated Entity will be instructed and supervised by our Group through Guanglian Shuke, and all risks arising from the business of our Consolidated Affiliated Entity is also effectively borne by our Group as a result of it being treated as our wholly-owned subsidiary. Our Directors consider that it is fair and reasonable for Guanglian Shuke to exercise control over and enjoy all the economic benefits derived from the operations of our Consolidated Affiliated Entity through the Contractual Arrangements as a whole. See "Operation of the Contractual Arrangements" for details of the Contractual Arrangements.

On 29 March 2022, the State Council promulgated the Decision of the State Council on Amending or Abolishing Certain Administrative Regulations (關於修改和廢止部分行政法規的決定) (the "**2022 Decision**"), which came into effect on 1 May 2022. According to the 2022 Decision, the requirement of good track record and operational experience of the primary foreign investor in a foreign-invested value-added telecommunications enterprise (the "**Qualification Requirements**"), as stipulated in the previous FITE Regulation was canceled and foreign investors are allowed to directly hold the equity interest in enterprises engaging in value-added telecommunications up to 50%. The FITE Regulations were newly amended by 2022 Decision and it remains uncertain whether the PRC government authorities will further impose additional requirements for foreign investors that invest in a company providing value-added telecommunication services in China in practice. After the Qualification Requirements were abolished in May 2022 as abovementioned, the registered capital of Hanhuaxing Technology was increased from RMB1.0 million to RMB10.0 million, RMB4.0 million of the increased capital were subscribed for by Guanglian Shuke, and RMB5.0 million of which were subscribed for by Guanglian Saixun, after the registered capital increase as abovementioned, Hanhuaxing Technology is held by Guanglian Shuke and Guanglian Saixun as to 50% each.

As advised by our PRC Legal Adviser, based on the current PRC Laws and policy of relevant PRC Government authorities, and as explained and confirmed by the official of the Ministry of Natural Resources of the PRC during verbal interviews, it being the competent authority, and as confirmed by our PRC Legal Adviser, the staff who responded our inquiries during such consultation is the person duly designated by the corresponding department of the Ministry of Natural Resources to handle the related inquiries, the competent authorities will strictly and rigorously review and scrutinise the application of the Class B certificate of surveying and mapping qualification submitted by a sino-foreign equity joint venture on a case-by-case basis; there was currently no

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## CONTRACTUAL ARRANGEMENTS

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sino-foreign equity joint venture having obtained and holding an effective and valid Class B certificate of surveying and mapping; and the application process and requirements would not undergo significant adjustments in the near future. Therefore and on this basis, the Directors are of the view that we are unable to obtain a Class B certificate of surveying and mapping through a sino-foreign equity joint venture or through a company that is wholly foreign-owned. In addition, as at the Latest Practicable Date, we have not received any inquiry or notice from the competent authorities regarding the validity of Class B Certificate or our Contractual Arrangements as a whole.

As such, our PRC Legal Adviser advised us that, (1) the foreign investment in the VAT Business and the internet map service is restricted or prohibited under current PRC laws and regulations; (2) the 2022 Decisions removed the Qualification Requirement regarding our VAT Business such that our Company would be able to hold our Consolidated Affiliated Entity directly or indirectly through equity ownership no more than 50%; and (3) it is unable to obtain a Class B Certificate through a sino-foreign equity joint venture or a wholly foreign-owned entity such that our Company would not be able to hold our Consolidated Affiliated Entity directly or indirectly through equity ownership.

### DIRECTORS’ VIEWS ON THE CONTRACTUAL ARRANGEMENTS

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company upon [REDACTED]. Our Directors are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the organisational structure and business of our Group, that such transactions have been and will be entered into in our Group’s ordinary and usual course of business, are on normal commercial terms or better and are in the interests of our Company and our shareholders as a whole. Please see “Connected Transactions” in this document for details.

The Directors believe that the use of the Contractual Arrangements is for the primary purpose of ensuring that we comply with the in-force foreign investment restrictions that apply to our business that requires either the ICP Licenses or the Class B Certificate, and to minimise the potential conflict with the relevant PRC laws and regulations and are of the view that the Contractual Arrangements are narrowly tailored.

Our Directors are also of the view that the Contractual Arrangements are only used to enable our Group to consolidate the financial results of our Consolidated Affiliated Entity and also for our Consolidated Affiliated Entity to make investments into companies, which engage in businesses or have plans to engage in businesses that are subject to possessing the Class B Certificate and/or ICP Licenses and/or other licenses, which PRC laws and regulations currently either restrict or prohibit foreign-ownership.

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## CONTRACTUAL ARRANGEMENTS

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Hanhuaxing Technology obtained the New ICP Licence in June 2023. Since then, we have been progressively transferring our VAT Business to Hanhuaxing Technology, and such transfer (other than those that are subject to the subcontracting arrangement as detailed below) has already been completed in September 2023. To further the aim of narrowly tailoring the Contractual Arrangements to cater for foreign ownership restrictions, where the Consolidated Affiliated Entity or its subsidiaries from time-to-time sign contracts that relate to the provision of Internet map services, our Group has adopted the following procedure of subcontracting the portion of such services to entities that are held by the Company through equity:

- for services that require the possession of a Class B Certificate or connected with the services requiring a Class B Certificate, Guanglian Saixun (or other entities that hold a Class B Certificate) will continue to perform them; and
- for other services that do not require or are not connected with the services requiring the possession of the Class B Certificate, such services will be performed by Guanglian Shuke (or its subsidiaries) unless the customers demand Guanglian Saixun to be the direct service provider, and in which case such portion of the restricted business will be conducted through a subcontracting arrangement. The sub-contracting arrangement, which will take effect upon the [REDACTED], will specify that Guanglian Saixun (as the contracting party to the contracts that are not yet transferred to Hanhuaxing Technology), will only operate the part of the services requiring the possession of a Class B Certificate or forms an integral part of such services requiring a Class B Certificate, and all other business would (to the extent practicable) be divided into discrete work packages and would be subcontracted to Hanhuaxing Technology (where such portion of the business requires the possession of one or more licences that is subject to a maximum foreign ownership of 50%) and Guanglian Shuke or its other equity held subsidiaries (where such portion of the services does not require the possession of any licence that would be subject to foreign ownership restrictions).

The Directors confirm that such arrangement will continue to apply to all contracts that Guanglian Saixun has entered into with external customers and not yet expired. Through this arrangement, Hanhuaxing Technology (which is 50% owned by our Consolidated Affiliated Entity and 50% owned by Guanglian Shuke) will become the entity that carries on the VAT Business, and Guanglian Shuke (or its subsidiaries) will be performing businesses that are not subject to foreign ownership restrictions in the PRC.

The Company has put in place the above arrangement because in a limited number of cases, the Group has faced genuine difficulties in seeking to transfer the VAT business to Hanhuaxing Technology from Guanglian Saixun for contracts with certain of the Group’s customers (the “**Continuing Contracts**”), which arose due to these ongoing contracts being within their validity periods and based on the experience of the Directors, it would be difficult to transfer the Continuing Contracts during their validity periods. The

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## CONTRACTUAL ARRANGEMENTS

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Directors are of the view that if these Continuing Contracts are pre-maturely and unilaterally terminated by our Group, such action would damage the commercial relationship between the Group and the relevant customers and harm the Group’s brand, and furthermore, Hanhuaxing Technology may not be able to successfully obtain the re-awarded contract (if the Group is invited to tender for these contracts at all). The last of the Continuing Contracts will expire by April 2025 and the Group will adhere to the above principles in allocating its business that may be subject to foreign ownership restrictions prior to April 2025.

However, the proportion of revenue to be recognised from the contracts facing difficulties in terms of transferring from Guanglian Saixun to Guanglian Shuke is expected to be less than 6% of the total revenue of the Group in each year after the [REDACTED] and until the expiry of the relevant contracts involved, which the Directors consider to be insignificant and will be decreasing over time (i.e. for the year ending 31 December 2024, approximately 5.50% and for the year ending 31 December 2025, approximately 1.55%) as the Continuing Contracts expire in between December 2023 and April 2025. Subsequent to the expiration of the Continuing Contracts in or before April 2025, the Group will terminate the subcontracting arrangement to entities that are held by the Company through equity, and will adhere to the above principles in allocating its business that may be subject to foreign ownership restrictions. Save and except the Continuing Contracts, the Group will not enter into any new sub-contracting arrangements to perform businesses that are subject to foreign ownership restrictions in the PRC. All of the Group’s VAT Business will be conducted by Hanhuaxing Technology after April 2025.

After the [REDACTED], where the Group enters into contract with customers, the work contents of which do not involve any activities that are subject to foreign ownership restrictions, such contracts will be entered into by entities within the Group that are not a Consolidated Affiliated Entity.

As at the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating businesses that are subject to foreign investment restrictions through our Consolidated Affiliated Entity under the Contractual Arrangements.

On the basis of the above and confirmations that we had received from our PRC Legal Adviser (as more particularly described below), our Directors are of the view that the agreements under the Contractual Arrangements, which confer significant control and economic benefits from the Consolidated Affiliated Entity to Guanglian Shuke are enforceable under the PRC laws and regulations, except for the arbitration provisions as disclosed in the paragraph “Summary of Material Terms of the Contractual Arrangements—Dispute Resolution” in this section.

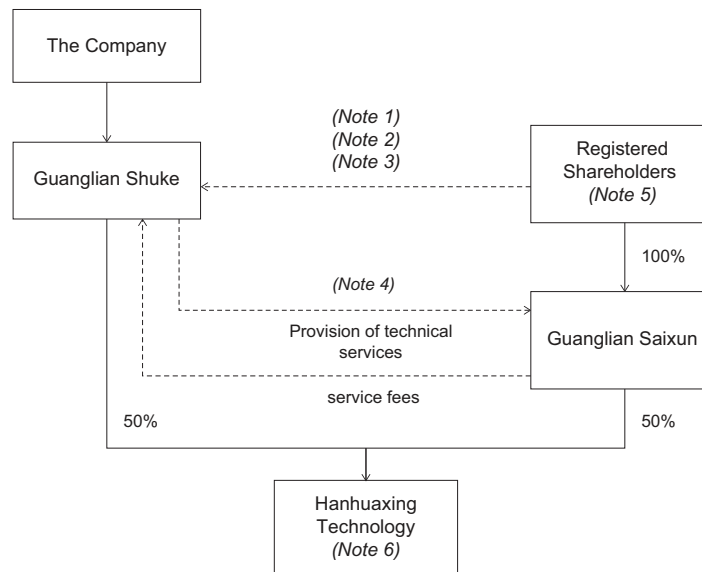
## CONTRACTUAL ARRANGEMENTS

We will closely monitor any future development relating to the laws and regulations relating to foreign investment restriction and will take all necessary actions to comply with applicable laws, regulations and specific requirements or guidance, including reorganising our corporate structure, if required in the future. See “Risk Factors—Risks relating to our corporate structure and contractual arrangements” for details. Nevertheless, we will terminate the Contractual Arrangements to the extent permissible and practicable and directly hold the maximum percentage of equity interest permissible under applicable laws and regulations if the relevant government authority grants the Class B Certificate to a sino-foreign equity joint venture or a whole foreign-owned entity held by us.

### OPERATION OF THE CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entity to our Group under the Contractual Arrangements:

- (1) Irrevocable appointment as attorney-in-fact to exercise all shareholders’ rights in Guanglian Saixun (Note 1)
- (2) Exclusive option to acquire all or part of the equity interest in and/or assets of Guanglian Saixun (Note 2)
- (3) First priority security interest over the entire equity interest in Guanglian Saixun (Note 3)



“→” denotes direct legal and beneficial ownership in the equity interest

“- ->” denotes contractual relationship



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## CONTRACTUAL ARRANGEMENTS

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*Notes:*

- (1) Please see “Summary of Material Terms of the Contractual Arrangements—Shareholders’ Rights Proxy Agreement” for details.
- (2) Please see “Summary of Material Terms of the Contractual Arrangements—Exclusive Option Agreement” for details.
- (3) Please see “Summary of Material Terms of the Contractual Arrangements—Equity Pledge Agreements” for details.
- (4) Please see “Summary of Material Terms of the Contractual Arrangements—Exclusive Business Cooperation Agreement” for details.
- (5) As at the Latest Practicable Date, the Registered Shareholders were Zhenghe Futong, Xinjiang Rongying, Shanghai Xiangru and Mr. Zhao who held 41.47%, 39.68%, 16.34% and 2.51% of Guanglian Saixun, respectively.
- (6) Hanhuaxing Technology holds the ICP License and is a subsidiary of our Company.

### SUMMARY OF MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below:

#### **Exclusive Business Cooperation Agreement**

Under the exclusive business cooperation agreement dated 24 March 2023, entered into by and between Guanglian Shuke and Guanglian Saixun (the “**Exclusive Business Cooperation Agreement**”), Guanglian Shuke has the exclusive right to provide, or designate any third party to provide Guanglian Saixun with business support, technical services and consulting services. Such services shall include without limitation:

- (1) authorising the use of the relevant software legally owned by Guanglian Shuke that is required for Guanglian Saixun’s business, as well as the provision of technology application and implementation services to Guanglian Saixun, including but not limited to the overall design, installation, fine-tuning and operation of its system(s);
- (2) providing research, development, maintenance and update of relevant technologies and software required for Guanglian Saixun’s business, including the development, design and production of database software, user interface software and other related technologies, and licensing such software and technologies to Guanglian Saixun;

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## CONTRACTUAL ARRANGEMENTS

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- (3) consultation services in relation to the procurement of equipment, hardware and software of Guanglian Saixun's business, including but not limited to the choice of tools software, application software and technology platforms, the installation and fine-tuning of systems, and advising on the types, models and functions of hardware that may be procured by Guanglian Saixun;
- (4) daily management, maintenance, monitoring, fine-tuning, troubleshooting and updating of Guanglian Saixun's network equipment, hardware and databases, including timely entry of users information into the databases, timely update of the databases based on other business information provided by Guanglian Saixun, regularly update of the user interface and providing other related technical services;
- (5) providing technical training and support to relevant personnel of Guanglian Saixun, including but not limited to providing customer service, technical and other trainings, and sharing knowledge and experience in relation to the installation and operation of the system and equipments to Guanglian Saixun, assisting Guanglian Saixun in solving any matters arising from the installation and operation of its system and equipments, providing Guanglian Saixun with advice and suggestions in respect of other online editing platforms and software application, and assisting Guanglian Saixun in preparing and collecting relevant information;
- (6) assisting Guanglian Saixun in the collection of, and analysis of technical and market data (save and except for such market research which are prohibited by PRC laws to be conducted by wholly-owned foreign companies);
- (7) providing corporate management consultancy;
- (8) providing sales and marketing services; and
- (9) other relevant services as agreed between Guanglian Shuke and Guanglian Saixun from time to time (to the extent permissible under relevant PRC laws).

Under the Exclusive Business Cooperation Agreement, the service fee shall consist of 100% of the total consolidated profits of Guanglian Saixun, after deduction of any accumulated deficit, operating costs, expenses, taxes and other statutory contributions of Guanglian Saixun in respect of the preceding financial year(s). Notwithstanding the foregoing, Guanglian Shuke may adjust the rate and amount of service fees as well as the payment time according to the actual operation situation of Guanglian Saixun, and Guanglian Saixun will accept such adjustments unless there is a reasonable reason. Guanglian Shuke shall calculate the service fees regularly and issue a corresponding invoice to Guanglian Saixun. Guanglian Saixun shall make payment to the bank account designated by Guanglian Shuke within three months upon receipt of the invoice.

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## CONTRACTUAL ARRANGEMENTS

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In addition, in the absence of the prior written consent of Guanglian Shuke, during the term of the Exclusive Business Cooperation Agreement, with respect to the services subject to the Exclusive Business Cooperation Agreement and other matters, Guanglian Saixun shall not directly or indirectly accept the same or any similar services provided by any third party or establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreement with any third party. Guanglian Shuke may appoint other parties to provide Guanglian Saixun with the services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement also provides that (a) Guanglian Shuke has the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by itself during the performance of the Exclusive Business Cooperation Agreement; (b) regarding the operation technologies developed by Guanglian Saixun as commissioned by Guanglian Shuke or collectively developed by both Guanglian Saixun and Guanglian Shuke, the ownership and the intellectual property rights in terms of patent application shall belong to Guanglian Shuke, while for those operation technologies independently developed by Guanglian Saixun, the ownership shall belong to Guanglian Saixun on the conditions that (1) Guanglian Saixun shall promptly inform Guanglian Shuke of the details of such technologies and provide the relevant materials as requested by Guanglian Shuke, (2) if Guanglian Saixun plans to grant franchise or transfers such technologies, Guanglian Saixun shall give priority to Guanglian Shuke in terms of the transfer or grant franchise for exclusive use of such technologies to the extent permitted by PRC mandatory requirements. Guanglian Saixun can only transfer the ownership of such technologies or grant franchise to a third party not more favorable than conditions offered to Guanglian Shuke and only if Guanglian Shuke gives up its priority in terms of purchase of ownership of such technologies or its right for exclusive use of such technologies and Guanglian Saixun shall ensure that such transfer or franchise to the third party shall not affect its full compliance with the Exclusive Business Cooperation Agreement and (3) except for (2) mentioned above, Guanglian Shuke is entitled to, during the term of the Exclusive Business Cooperation Agreement, request the purchase of such technologies and Guanglian Saixun shall agree to such request from Guanglian Shuke at the lowest price to the extent permitted by PRC laws.

The validity period of the Exclusive Business Cooperation Agreement shall start from the execution date and it shall remain effective for 20 years unless terminated (a) in accordance with provisions of the Exclusive Business Cooperation Agreement; (b) by a written notice from Guanglian Shuke; (c) all the equity interest and assets of Guanglian Saixun has been legally transferred to Guanglian Shuke or the nominee(s) designated by Guanglian Shuke; or (d) to the extent permissible under the applicable PRC laws that Guanglian Shuke, or its holding companies, could directly or indirectly hold the equity interests of Guanglian Saixun and Guanglian Shuke, its subsidiaries or branches could legally operate the business of Guanglian Saixun, Guanglian Shuke or its holding companies, becomes the sole shareholder of Guanglian Saixun. Upon expiration, the validity period of the Exclusive Business Cooperation Agreement shall be automatically extended for 10 years unless Guanglian Shuke notifies Guanglian Saixun of its intention not to extend.

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## CONTRACTUAL ARRANGEMENTS

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### Exclusive Option Agreement

Under the exclusive option agreement dated 24 March 2023, entered into by and among Guanglian Shuke, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang, our Registered Shareholders, the general partners of the Registered Shareholders, and Guanglian Saixun (the “**Exclusive Option Agreement**”), our Registered Shareholders unconditionally and irrevocably agree to grant Guanglian Shuke an exclusive option to purchase all or part of the equity interests in Guanglian Saixun, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws, under circumstances in which Guanglian Shuke or its designated third party is permitted under PRC laws to acquire all or part of the equity interests of Guanglian Saixun.

Guanglian Saixun also unconditionally and irrevocably agreed to grant Guanglian Shuke an exclusive option to purchase all or part of the assets of Guanglian Saixun, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws, under circumstances in which Guanglian Shuke or its designated third party is permitted under PRC laws to acquire all or part of the assets of Guanglian Saixun.

In the event that our Registered Shareholders have the right to receive any purchase price, our Registered Shareholders undertake to return the amount of purchase price they have received to Guanglian Shuke, to the extent permissible under relevant laws.

We have the sole discretion to decide when to exercise the option, and whether to exercise the option in part or in full. The key factor for us to decide whether to exercise the option is whether the applicable foreign investment restrictions in relation to the Relevant Businesses will be removed in the future, the likelihood of which we were not in a position to know or comment on as at the Latest Practicable Date. Where such foreign investment restrictions have been relaxed and there exists clear procedures and guidance for our Group to directly hold the maximum permitted interest in the Consolidated Affiliated Entity, our Group will unwind or modify (as the case may be) the Contractual Arrangements such that our Company (or our subsidiary(ies) of which we hold equity interest) will directly hold the maximum percentage of ownership interests permissible of the Consolidated Affiliated Entity under relevant PRC laws and regulations, through either sino-foreign equity joint ventures or wholly-owned foreign investment entities.

To prevent the flow of the assets and value of Guanglian Saixun to their respective shareholders, pursuant to the Exclusive Option Agreement, none of the material assets of Guanglian Saixun are to be sold, transferred or otherwise disposed of without the written consent of Guanglian Shuke. In addition, under the Exclusive Option Agreement, none of our Registered Shareholders may transfer or permit the encumbrance of or allow any guarantee or security to be created on any of his or its equity interest in Guanglian Saixun without Guanglian Shuke’s prior written consent.

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## CONTRACTUAL ARRANGEMENTS

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In the event that our Registered Shareholders have the right to receive any profit distribution, dividend or bonus from Guanglian Saixun, our Registered Shareholders undertake to immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to Guanglian Shuke (or its designated third party), to the extent permissible under relevant laws. If Guanglian Shuke exercises this option, all or any part of the equity interests in Guanglian Saixun acquired would be transferred to Guanglian Shuke and the benefits of equity ownership would flow to Guanglian Shuke and its shareholders.

### Equity Pledge Agreements

Under the equity pledge agreements dated 24 March 2023, entered into by and among Guanglian Shuke, Guanglian Saixun and each of our Registered Shareholders (the “**Equity Pledge Agreements**”), our Registered Shareholders has agreed to pledge all of the equity interests in Guanglian Saixun to Guanglian Shuke in order to guarantee Guanglian Saixun and our Registered Shareholders’ performance of obligations under the Exclusive Business Cooperation Agreement, Exclusive Option Agreement and Shareholders’ Rights Proxy Agreement (as defined below).

Under the Equity Pledge Agreements, each of our Registered Shareholders has agreed that, without prior written consent of Guanglian Shuke, they will not transfer or dispose of the pledged equity interests or create or allow any third party to create any encumbrance on the pledged equity interests that would prejudice Guanglian Shuke’s interest.

The pledges in respect of Guanglian Saixun take effect upon completion of registration with the relevant administration for market regulation and shall remain valid until the satisfaction of all contractual obligations of Guanglian Saixun and the Registered Shareholders in full.

Our PRC Legal Adviser has confirmed that the equity pledges under the Equity Pledge Agreements have been duly registered with the relevant PRC authority pursuant to the relevant PRC laws.

### Shareholders’ Rights Proxy Agreement

Under the shareholders’ rights proxy agreement dated 24 March 2023, entered into by and among Guanglian Shuke, Guanglian Saixun and our Registered Shareholders (the “**Shareholders’ Rights Proxy Agreement**”), the Registered Shareholders irrevocably appointed Guanglian Shuke or its designated person, as their attorney-in-fact to exercise such shareholder’s rights in Guanglian Saixun, including without limitation to, the rights to:

- (a) propose to convene, participate in and attend the general meetings of Guanglian Saixun on behalf of the Registered Shareholders;

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## CONTRACTUAL ARRANGEMENTS

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- (b) exercise voting rights on all matters that require discussion and resolution of the general meetings (including but not limited to the designation, appointment or replacement of directors, supervisors and senior management of Guanglian Saixun and the amendment of the article of association of Guanglian Saixun), and sign the minutes and resolutions of the meetings;
- (c) submit any documents for filing purposes to the company registration authority on behalf of the Registered Shareholders;
- (d) resolve on the disposal of assets of Guanglian Saixun on behalf of the Registered Shareholders;
- (e) resolve on the dissolution and liquidation of Guanglian Saixun on behalf of the Registered Shareholders, and form a liquidation group on behalf of the Registered Shareholders and exercise the authority of the liquidation group during the liquidation period according to law;
- (f) for the purposes of the foregoing, sign all required documents and perform all required procedures on behalf of the Registered Shareholders; and
- (g) exercise other shareholder's rights as specified in other applicable PRC laws and regulations and the articles of association of Guanglian Saixun (and its amendments from time to time).

The Shareholders' Rights Proxy Agreement shall remain effective for 20 years unless terminated in the event that (i) the Shareholders' Rights Proxy Agreement is terminated by all parties; or (ii) the Shareholders' Rights Proxy Agreement is terminated by Guanglian Shuke in case of violation of this agreement by Guanglian Saixun and our Registered Shareholders. Upon expiration, the validity period of the Shareholders' Rights Proxy Agreement shall be automatically extended for 10 years unless Guanglian Shuke notifies Guanglian Saixun of its intention not to extend.

### Spousal undertakings

The spouses of each of Mr. Zhu Hui, Mr. Zhu Lei, Mr. Jiang and Mr. Zhao signed an undertaking (the "**Spousal Undertakings**") to the effect that regarding the shares of Guanglian Saixun held by their respective spouse, (i) such shares are subject to the Equity Pledge Agreements, the Exclusive Option Agreement and the Shareholders' Rights Proxy Agreement, (ii) their respective spouse has the right to solely enjoy and perform his rights and obligations under the Equity Pledge Agreements, the Exclusive Option Agreement and the Shareholders' Rights Proxy Agreement, and his performance of the transaction documents, further modification and termination of such agreements or entering into other documents in lieu of the such agreements is not subject to their separate authorisation or consent, and (iii) all claims and other rights of Guanglian Saixun in respect of their respective spouse arising from or in connection with such agreements shall be joint debt.

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## CONTRACTUAL ARRANGEMENTS

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The spouses of each of Mr. Zhu Hui, Mr. Zhu Lei, Mr. Jiang and Mr. Zhao undertook that (i) they shall execute all necessary documents and take all necessary actions to ensure the Equity Pledge Agreements, the Exclusive Option Agreement and the Shareholders' Rights Proxy Agreement (as amended from time to time) are and will be properly performed, (ii) in the event that any shares of Guanglian Saixun is obtained by them, they shall be subject to the Equity Pledge Agreements, the Exclusive Option Agreement, the Shareholders' Rights Proxy Agreement, and the Exclusive Business Cooperation Agreement (as amended from time to time), and (iii) for the aforesaid purpose, upon the request of Guanglian Saixun, they shall enter into a series of written documents substantially in the same format and content as the Equity Pledge Agreements, the Exclusive Option Agreement, the Shareholders' Rights Proxy Agreement and the Exclusive Business Cooperation Agreement (as amended from time to time).

### Dispute Resolution

In the event of any dispute with respect to the interpretation or performance of the provisions, each of the Exclusive Business Cooperation Agreement, Exclusive Option Agreement and Equity Pledge Agreement stipulates: (i) that the parties shall negotiate in good faith to resolve the dispute, and (ii) in the event the parties fail to reach an agreement on the resolution of the dispute, any party may submit the relevant dispute to the Shenzhen Court of International Arbitration for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shenzhen. The arbitration ruling shall be final and binding on all parties.

The dispute resolution clause of each of the Contractual Arrangements also provides that (i) the arbitral tribunal may award remedies over the shares or assets of Guanglian Saixun, injunctive relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding up of Guanglian Saixun, and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC (being the place of establishment of Guanglian Saixun and the place of main assets of Guanglian Saixun) also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of Guanglian Saixun.

However, our PRC Legal Adviser has advised that the tribunal normally would not grant such injunctive relief or order the winding up of Guanglian Saixun pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognisable or enforceable under the current PRC laws.

As a result of the above, if Guanglian Saixun or our Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entity and conduct our business could be materially and adversely affected. See "Risk Factors—Risks relating to our Corporate Structure and Contractual Arrangements" for further details.

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## CONTRACTUAL ARRANGEMENTS

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### Conflicts of interests

The Shareholders' Rights Proxy Agreement provides that the power of attorney is granted in favor of Guanglian Shuke, whereby each of the Registered Shareholders irrevocably undertook to appoint any director and his successor (including the liquidator replacing such director and its successor) of Guanglian Shuke or of the direct or indirect shareholder of Guanglian Shuke as designated by Guanglian Shuke (excluding the Registered Shareholders or connected person of the Registered Shareholders as defined under the Listing Rules) as his/its agent and attorney to act on his/its behalf on matters concerning Guanglian Saixun and to exercise all rights as a registered shareholder of Guanglian Saixun in accordance with PRC laws and the articles of association of Guanglian Saixun.

### Loss Sharing

Under the relevant PRC laws and regulations, none of our Company and Guanglian Shuke is legally required to share the losses of, or provide financial support to Guanglian Saixun. Further, Guanglian Saixun is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Nevertheless, Guanglian Shuke intends to continuously provide to or assist Guanglian Saixun in obtaining financial support when deemed necessary. Given that our Group conducts a substantial portion of its business operations in the PRC through our Consolidated Affiliated Entity, which holds the requisite PRC operational licenses and approvals, and that its financial position and results of operations is consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entity suffers losses.

However, as provided for (among other things) in the Exclusive Option Agreement, without the prior written consent by Guanglian Shuke, (a) none of our Registered Shareholders may transfer or in any other way dispose of any shares or option over shares, or permit the guarantee or security or third party rights to be created of his equity interests in Guanglian Saixun, (b) Guanglian Saixun shall not increase or reduce its registered capital, and the Registered Shareholders may not procure or agree to Guanglian Saixun to perform a merger, or allow Guanglian Saixun to be acquired by a third party or invest in any third party, (c) the Registered Shareholders shall not dispose or procure Guanglian Saixun's management to dispose of any material assets of Guanglian Saixun (other than in its ordinary course of business), (d) the Registered Shareholders shall not procure Guanglian Saixun to declare or actually distribute any distributable reserves, bonus, shareholders' distributions or dividends, and (e) the Registered Shareholders shall procure that Guanglian Saixun does not provide or draw on any loans, or provide guarantee or enter into any act of guarantee, or incur any material obligations other than in its ordinary course of business. Therefore, due to the restrictive provisions, the potential adverse effect on Guanglian Shuke and our Company in the event of any loss suffered from the Consolidated Affiliated Entity can be limited to a certain extent.



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## CONTRACTUAL ARRANGEMENTS

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### Liquidation

Pursuant to the Exclusive Option Agreement, in the event of a mandatory liquidation required by the PRC laws, the Registered Shareholders have irrevocably undertaken that, in compliance with the PRC laws, Guanglian Saixun shall transfer all remaining assets to Guanglian Shuke or its assignee, at the lowest price as permitted by the PRC laws, and shall return to Guanglian Shuke or assignee any income (if any) arising from such transaction to the extent permitted by then applicable its PRC laws in force.

### Confirmations from the Registered Shareholders

Each of the Registered Shareholders had undertaken to Guanglian Shuke that, in the event of death, divorce, bankruptcy, liquidation or other circumstance regarding the Registered Shareholders which may affect the exercise of his/its equity interest in Guanglian Saixun, the Registered Shareholders shall make all appropriate arrangements and execute all necessary documents to ensure that their respective spouse, successor, guardian, creditor or any other person/entity who may as a result of the above events obtain the equity interests in Guanglian Saixun shall not prejudice or hinder the enforcement of the Contractual Arrangements.

### Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

## LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Our PRC Legal Adviser is of the opinion that:

- (1) Guanglian Shuke and Guanglian Saixun are duly established and validly existing entities in the PRC, and each agreement under the Contractual Arrangements had been executed properly by the relevant parties;
- (2) parties to each of the agreements are entitled to execute the agreements and perform their respective obligations thereunder, except for the provisions regarding dispute resolution;
- (3) each of the agreements is binding on the parties thereto and none of them would be deemed as "concealment of illegal intentions with a lawful form" and void under PRC laws, including the following circumstances: (i) a civil juristic act performed by a person having no capacity for civil conducts; (ii) a civil juristic act performed by the actor and the counterparty based on false expression of intention; (iii) a civil juristic act violates the mandatory provisions of laws and administrative regulations; (iv) a civil juristic act violates of public

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## CONTRACTUAL ARRANGEMENTS

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order and morals; or (v) a civil juristic act with malicious collusion to damage the interest of a third party, etc.; and none of the Contractual Arrangements violates any provisions of the articles of association of Guanglian Saixun;

- (4) with respect to the Contractual Arrangements, as at the Latest Practicable Date, all the approvals, permits or consents from the PRC Government authorities necessary for the execution and performance of the agreements under the Contractual Arrangements have been obtained, except:
- (a) the disposal of pledged equity interest pursuant to the Equity Pledge Agreements shall be subject to the approval and/or registration with the relevant government authorities;
  - (b) the transfer and license of intellectual property pursuant to the Exclusive Business Cooperation Agreement shall be subject to approval and/or registration with the relevant government authorities;
  - (c) the exercise of the purchase right in future pursuant to the Exclusive Option Agreement shall be subject to approval and/or registration with the relevant government authorities;
  - (d) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognised by PRC courts before compulsory enforcement; and
- (5) each of the agreements under the Contractual Arrangements is valid, legal and binding under PRC laws, except in relation to the dispute resolution clause under these agreements. These agreements provide that any dispute shall be submitted to the ShenZhen Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Shenzhen. They also provide that the arbitrator may award interim remedies over the shares or assets of Guanglian Saixun or injunctive relief (e.g., for the conduct of business or to compel the transfer of assets) or order the winding up of Guanglian Saixun; and the courts of Hong Kong, the Cayman Islands and the PRC also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies. However, our PRC Legal Adviser has advised that the tribunal normally would not grant such injunctive relief or order the winding up of Guanglian Saixun pursuant to current PRC laws. In addition, interim remedies or enforcement orders granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognisable or enforceable under the current PRC laws.

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## CONTRACTUAL ARRANGEMENTS

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### ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

#### Consolidation of financial results of our Consolidated Affiliated Entity

Under the Exclusive Business Cooperation Agreement, in consideration of the services provided by Guanglian Shuke, Guanglian Saixun shall engage Guanglian Shuke as its exclusive provider of technical support, consultation, licensing and other services requested by Guanglian Saixun from time to time to the extent permitted by PRC laws, and Guanglian Saixun shall pay annual service fees to Guanglian Shuke. The service fees (subject to Guanglian Shuke's adjustment) are equal to the entirety of the net profits of Guanglian Saixun (after deducting all relevant costs, taxes and expenses). Guanglian Shuke may adjust the service fees at its full discretion and allow Guanglian Saixun to retain sufficient working capital to carry out any growth plans. Guanglian Shuke also has the right to periodically receive the accounts of Guanglian Saixun. Accordingly, Guanglian Shuke has the ability, at its sole discretion, to extract substantially all of the economic benefits from the Consolidated Affiliated Entity.

Additionally, under the Exclusive Option Agreement, the written consent of Guanglian Shuke must be obtained before any distribution of dividends is made. As such (and under the Shareholders' Rights Proxy Agreement), Guanglian Shuke has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of Guanglian Saixun. In the event that our Registered Shareholders receive any profit distribution or dividend from Guanglian Saixun, our Registered Shareholders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to Guanglian Shuke.

As a result of these Contractual Arrangements, our Company has obtained control of the Consolidated Affiliated Entity through Guanglian Shuke and, at our Company's sole discretion, can receive substantially all the economic interest returns generated by our Consolidated Affiliated Entity. Accordingly, our Consolidated Affiliated Entity's results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial statements.

For the reasons above, our Directors consider that our Company can consolidate the financial results of the Consolidated Affiliated Entity into our Group's financial information as if it were our Company's subsidiary held through equity. The basis of combining the results of the Consolidated Affiliated Entity is disclosed in Note 2 of the Accountant's Report in Appendix I to this document.

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## **CONTRACTUAL ARRANGEMENTS**

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### **DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT**

#### **Background of the Foreign Investment Law and the Implementing Rules**

On 15 March 2019, the National People’s Congress approved the PRC Foreign Investment Law, and on 26 December 2019, the State Council promulgated the Implementing Rules to further clarify and elaborate the relevant provisions of the Foreign Investment Law. The Foreign Investment Law and the Implementing Rules both took effect on 1 January 2020 and replaced three major previous laws on foreign investments in China, namely, the PRC Sino-foreign Equity Joint Venture Law, the Sino-foreign Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their respective implementing rules. The Foreign Investment Law stipulates several forms of the foreign investment, but does not explicitly stipulate whether the foreign investments via contractual arrangements would be considered as a form of foreign investments. As advised by our PRC Legal Adviser, the Foreign Investment Law, as it is interpreted and implemented as of the date of this document, does not have a material adverse impact on our Contractual Arrangements, including their legality and validity.

However, our PRC Legal Adviser also advised that as there may be changes in the interpretation and application of the PRC laws, rules and regulations, there can be no assurance that the relevant PRC government would ultimately take a view that is consistent with the above opinion of our PRC Legal Adviser.

#### **Impact and Potential Consequences of the Foreign Investment Law on the Contractual Arrangements**

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control of our Consolidated Affiliated Entity by Guanglian Shuke, through which we operate our business in the PRC.

Although the Foreign Investment Law and the Implementing Rules do not explicitly provide whether the investments via contractual arrangements should be considered as a method of foreign investment, the Foreign Investment Law stipulates that foreign investment includes “foreign investors investing in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council”. There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entity will not be materially and adversely affected in the future due to developments and changes in PRC laws and regulations. See “Risk Factors—Risks relating to our Corporate Structure and Contractual

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## CONTRACTUAL ARRANGEMENTS

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Arrangements—Substantial uncertainties exist with respect to the interpretation and implementation of the newly adopted PRC Foreign Investment Law and its Implementing Rules and how they may impact the viability of our current corporate structure, corporate governance and business operations”.

### COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

We have adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

- (1) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;
- (2) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (3) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports to update our Shareholders;
- (4) our Company will provide periodic updates in our annual reports regarding our status of compliance with the Foreign Investment Law and the Implementing Rules, together with any applicable regulatory development to them; and
- (5) our Company will engage external legal adviser or other professional advisers, if necessary, to assist our Board to review the implementation of the Contractual Arrangements, review the legal compliance of Guanglian Shuke and the Consolidated Affiliated Entity to deal with specific issues or matters arising from the Contractual Arrangements.

In addition, notwithstanding that Mr. Zhao, our executive Director, our chief executive officer and our general manager, is also one of the Registered Shareholders, and Xinjiang Rongying and Zhenghe Futong, both being our Registered Shareholders, also have some of their interests directly or indirectly held by Mr. Zhu Lei and/or Mr. Jiang, both being our executive Directors, we believe that our Directors are able to perform their roles in our Group independently, and our Group is capable of managing its business independently after the [REDACTED] because:

- (a) the decision making mechanism of our Board as set out in our Articles of Association includes provisions to avoid conflicts of interest by providing, among other things, that in the event of a conflict of interest that is material, a Director shall declare the nature of his or her interest at the earliest meeting of

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our Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having a material interest in any contract or arrangement, such Director shall abstain from voting and not be counted towards the quorum;

- (b) each of our Directors is aware of his or her fiduciary duties as a Director which requires, among other things, that he or she acts for the benefits and in the best interests of our Group; and
- (c) we have appointed three independent non-executive Directors, to provide a balance of executive and non-executive Directors representing interested and independent views to promote the interests of our Shareholders as a whole.

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## BUSINESS

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### OVERVIEW

#### About us

We are an in-vehicle hardware and SaaS marketing and management service provider for players within the automotive aftermarket industry in China, with a focus on (i) sales of in-vehicle hardware products; and (ii) provision of SaaS marketing and management services, covering SaaS subscription services and SaaS value-added services, to the industry participants along the industry value chain. The automotive aftermarket industry was highly fragmented and consisted of many subsectors. In terms of revenue, in 2023, the market size of sales of in-vehicle hardware and SaaS marketing and management services for the automotive aftermarket industry accounted for approximately 0.5% and 0.4%, respectively of the much larger automotive aftermarket industry. According to the CIC Report, we ranked first as a SaaS marketing and management services provider for the automotive aftermarket industry in China with a market share of 6.1% in terms of revenue in 2023, and we ranked third as an in-vehicle hardware provider for the automotive aftermarket industry in China with a market share of 3.4% in terms of revenue in 2023.

Founded and headquartered in Shenzhen since 2012, we are dedicated to supporting our customers in the automotive aftermarket industry to better connect with their customers through our sales of in-vehicle hardware products and SaaS marketing and management services, which formed part of our SaaS value-added services. With decade-long operational experience, and coupled with our industry insight and an ability to leverage the capability of technology we have developed industry-specific products and services for industry participants along the automotive aftermarket industry value-chain such as 4S stores to improve their marketing and operational efficiencies.

#### **Our opportunities as an in-vehicle hardware and SaaS marketing and management services provider**

As an in-vehicle hardware and SaaS marketing and management services provider, we believe that we are well-positioned to capture the massive market opportunity in China’s automotive aftermarket industry. According to the CIC Report, connected services refer to connecting vehicles with the Internet and providing comprehensive hardware products, software services, and value-added services for customers such as 4S stores and automotive financing and leasing companies in the automotive aftermarket industry. Connected services for the automotive aftermarket industry comprise sales of in-vehicle hardware products and SaaS marketing and management services. The automotive aftermarket industry encompasses a broad range of products and services, and refers to the collection of all vehicle-related services performed after a brand new car is sold. With the rapid development of China’s automotive industry towards becoming more Internet-connected and with increasing levels of electrification, and against the backdrop of the increasing prevalence of connected service scenarios, there are ample and continuously emerging commercialisation opportunities for novel application scenarios that connected service providers can provide, which will bring strong business opportunities to customers in the automotive aftermarket industry.

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According to the CIC Report, the total revenue of connected services for the automotive aftermarket industry in China increased from RMB7.5 billion in 2019 to RMB12.2 billion in 2023 at a CAGR of 12.7%, and is expected to increase to RMB29.4 billion by 2028, with a CAGR of 19.3% from 2023 to 2028. The total revenue of sales of in-vehicle hardware products and SaaS marketing and management services for the automotive aftermarket in China reached RMB6.7 billion and RMB5.5 billion respectively in 2023; and the market sizes for these types of products and services are expected to increase to RMB7.4 billion and RMB22.0 billion at a CAGR of 2.2% and 31.9% from 2023 to 2028, respectively, according to the CIC Report. In view of this development, we believe our sales of in-vehicle hardware products and provision of SaaS marketing and management services give us competitive advantages to benefit from the ample and continuously emerging opportunities in the automotive aftermarket industry.

We have a diverse customer base and we have established stable business relationships with them. Our sales of in-vehicle hardware products and provision of SaaS marketing and management services mainly target 4S stores that provide services for car users throughout the periods of use of vehicle. According to the CIC Report, among the different automotive aftermarket participants, 4S stores have a market share of over 50% of the sales and services channels in terms of transaction volume and they dominate the sales and services channel for automotive, accounting for nearly 90% of the total new car sales volume. Furthermore, the number of 4S stores in China reached around 31,600 in 2023 and the number is expected to reach approximately 33,100 by 2028. In 2022, we served over 2,800 4S stores with our SaaS marketing and management services and that number increased to over 3,600 4S stores for the year ended 31 December 2023. Therefore, we believe that there are vast business opportunities for growth in this market.

### Our offerings

During the Track Record Period, we provided (i) in-vehicle hardware products and (ii) SaaS marketing and management services, covering SaaS subscription services and SaaS value-added services, to help our customers to achieve enhancement of marketing and management capability and efficiency. Our industry-specific products and services are mainly designed for 4S store customers to cater for their corporate needs, in particular, allowing them to achieve customer acquisition and to enhance the connection between their car user customers through the process of customer reach, leads generation and sales conversion. In 2023, we helped our 4S store and automotive financing and leasing company customers to reach out to their car user customers for over eight times on average.

- **Sales of in-vehicle hardware products:** We provide in-vehicle hardware products, including in-vehicle infotainment system product, in-vehicle safety system products and core board, which has our proprietary software embedded. Our products are the in-vehicle hardware connected to the back-end platform-based infrastructure, which utilises an access platform we developed for receiving, storing and processing data generated by in-vehicle



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hardware, to 4S stores and channel partners, and core boards to in-vehicle device OBM customers. Our in-vehicle hardware products support connectivity and functions like navigation assistance, collision detection and online entertainment, through which, empower our 4S store customers to better connect with their car user customers and provide integrated solutions based on the hardware, software and services.

- **SaaS marketing and management services:** We provide SaaS subscription services, including Dijia Smart Store SaaS (嘀加智慧門店SaaS) system and services (“**Dijia SaaS**”) targeting 4S store customers and channel partners, and HuGe e-Shield Smart Management SaaS (虎哥e盾智慧車管SaaS) system and services (“**HuGe e-Shield SaaS**”) targeting automotive financing and leasing companies. Our Dijia SaaS facilitate our 4S store customers to better manage their car user customers through functions like direct customer reach, automated data labelling and user management and precise marketing. These functions of our Dijia SaaS empower our 4S store customers to simplify and automate their work flow and help them to achieve customer acquisition and enhance their sales performance. Our SaaS subscription service under Dijia SaaS provides tools for our customers to gain insights into the needs of car users, reach out to car users and improve our customers’ digital marketing capabilities. In addition, through our Dijia SaaS we are able to proactively reach out to car users, who are customers of our 4S store customers, and provide them with our SaaS value-added services, mainly consisting of customised auto decoration products and services for car user customers, and allow us to provide online and offline integrated marketing services to our 4S store customers. Our other products and services, HuGe e-Shield SaaS allows our automotive financing and leasing company customers to improve their risk management abilities during the process of monitoring of vehicles that are under finance and vehicle management after provision of financing, thus helping them to monitor the condition of the vehicles under finance, improve the vehicle recovery rate (which is a measure of the likelihood of automotive financing and leasing company being able to recover the vehicle under finance or the leasing, and expressed as the number of successfully recovered vehicles divided by the number of vehicles at risk and multiplied by 100%) and mitigate economic losses.

The categories of automotive hardware available in the automotive aftermarket industry are diverse, and we possesses several advantages and distinctive characteristics in comparison to other players in the automobile aftermarket: (i) we primarily offer customised digitalised hardware products that align with the trend of connected services in China, rather than offering traditional auto parts such as tyres and brake pads; so our Directors are of the view that there will be more growth opportunities for the Group’s hardware products in the future; (ii) we mainly focus on automotive aftermarket customers (4S stores) and have accumulated a significant client base within the automotive aftermarket industry, whereas other auto parts providers have a

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significant portion of business that involves offering generic products to OEMs, hence their relationships with automotive aftermarket customers (4S stores) are weaker; and (iii) we have differentiated competitive strengths in special verticals, such as SaaS marketing and management services. This could improve our diversity of services and products, hence gain synergistic effect to improve our selling ability.

Our SaaS marketing and management services were the results of an organic progression from our sales of in-vehicle hardware products business that we have been doing since our establishment. It was through the development and sales of the in-vehicle hardware products that our Group has established close contact with 4S stores and gained an appreciation of the sales scenarios and operational processes of 4S stores. To address those needs, our Group hired talents who are experienced in system development and in the SaaS industry to head up our development efforts, and through iterations of our SaaS service offerings, we aim to progressively address the different marketing and management needs of our customers. It was based on the in-depth research on SaaS products in the automotive aftermarket industry and also through receiving feedback from our customers our Group had found the way forward through analysing and differentiating the functionalities desired by customers looking for SaaS marketing and management services, and gradually developed the functionalities of the Dijia SaaS through historical iterations such as the Smart Store SaaS system (智慧門店SaaS系統).

In 2021, private domain marketing based on WeCom, which allows merchants or enterprises to reach the desired group of users that they have established connections with through social media at a low cost, became gradually prevalent in the market, while 4S stores also paid more and more attentions to marketing, especially the development of marketing for after-sales. Our Dijia SaaS, a digital marketing empowerment for 4S stores, was developed. Dijia SaaS takes customer-oriented marketing operation as the core, realising continuous and targeted marketing for car user customers in multiple categories throughout the periods of use of vehicle.

### **Synergy between our business lines**

Our business model which encompasses both hardware and software elements of automotive connected products and services, with our in-vehicle hardware products creating value-add to car buyers while at the same time creating a channel through which our 4S store and automotive financing and leasing customers can reach out and digitally market to and/or manage their car user customers. The application of our automotive connected products and services, in particular, our in-vehicle hardware products, can also strengthen the interaction between 4S stores and car user customers, including but not limited to interactions on matters of repairs and maintenance and providing assistance where needed. Our leads services under Dijia SaaS would require interaction with our in-vehicle safety hardware for their location retrieval functionalities. Our revenue from SaaS subscription services does not materially depend on our sales volume of in-vehicle hardware products mainly because there are only limited circumstances in which our Dijia SaaS interact with our in-vehicle hardware products

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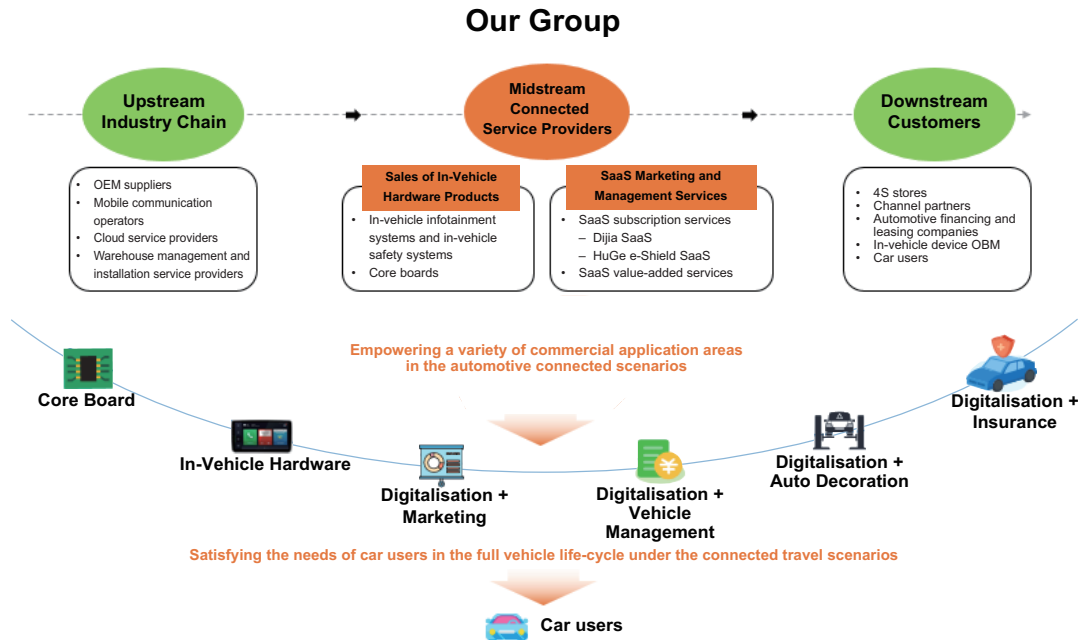
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(namely, in-vehicle safety hardware for location retrieval functionalities). For each year of the Track Record Period, our revenue generated from the leads services were RMB105.7 million, RMB88.0 million and RMB73.6 million, respectively. Applying our in-vehicle hardware products including our Internet-enabled in-vehicle hardware is also an enabler for our SaaS and SaaS value-added services delivery, which can better meet the needs of car users throughout the periods of use of vehicle and the marketing needs of our 4S store customers, which then leads to higher engagement between our 4S store customers and car users. Car users can also benefit from our offering of SaaS value-added services, including car usage experience enhancements such as auto decoration, which would enhance the satisfaction of their car ownership. With our SaaS value-added services, we also help our 4S store customers provide services that meet the needs of car users throughout the periods of use of vehicle.

Our business model allows us to capture the business opportunities in the whole value chain of the automotive aftermarket and thereby distinguishes us from our competitors. Eyeing on the market potential in the automotive aftermarket industry in China with the relatively low penetration rate of Internet-connected hardware in vehicles sold at the time, we started our business in 2012 providing in-vehicle hardware products to 4S store customers. Leveraging our industry insight and established customer relationships and with the focus on 4S store customers, we launched SaaS marketing and management services in 2018 and we commenced our SaaS value-added services in March 2021. Over the years, our diversified products and services are designed to cater for the various business scenarios and applications for our customers, in particular of 4S store customers, which has laid the foundations to our business growth while nurturing and attracting a stable customer base. Our Directors consider our business lines create synergy effect and is crucial to our business growth. Our sales of in-vehicle hardware products and the provision of SaaS marketing and management services (including both SaaS subscription services and SaaS value-added services) cover the sales cycle of 4S store customers' reaching out to car users, enabling them to achieve active operation, lead generation and transaction conversion, and in the process helping them expand the scope of their businesses and increase their revenue. We believe that through the virtuous interaction between our sales of in-vehicle hardware products and provision of SaaS marketing and management services businesses, we have been successful in cross-selling our different products and services to our target customers. During the Track Record Period, our revenue contributed by cross-segment customers amounted for RMB209.5 million, RMB228.3 million and RMB281.9 million, respectively.

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The following diagram illustrates the upstream and downstream industry chain we are in, our key products and services and the key industry players who benefit from our products and services. Our products and services empower a variety of commercial application areas in various automotive connected services scenarios:



As an in-vehicle hardware products and SaaS marketing and management service provider to the automotive aftermarket industry players, we have leveraged and integrated the resources of the upstream industry chain including in-vehicle hardware manufacturers, mobile data traffic providers and cloud computing services providers to develop SaaS services for automotive aftermarket industry players such as 4S stores, automotive financing and leasing companies and in-vehicle device OBM, and through our products and services allowing them to improve their marketing and operational efficiency as well as their revenues and profitability. As a provider of connected services, our suppliers and customers include:

- **Upstream Suppliers:** Our suppliers include OEM suppliers, mobile network operators, cloud service providers, warehouse management and installation service providers. We bring together the different resources and capabilities of our upstream suppliers, and through combining and integrating their production and processing, mobile network data, cloud computing services, logistics and installation service offerings, we develop and build our own products and services. With the support of the upstream industry chain, we can focus on the development of our own core technologies and iterate our products and services to achieve rapid response and delivery to customer needs.

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- **Downstream customers:** Our customers include 4S stores, channel partners, automobile financing and leasing companies, in-vehicle device OBM and car users. The connected services we build for our downstream customers help our 4S store customers enhance their digital marketing capabilities to improve their revenue and profitability, automotive financing and leasing company customers enhance their vehicle asset management capabilities, and in-vehicle device OBM enhance their product development capabilities, respectively. For our 4S store customers, by embedding our in-vehicle hardware products in vehicles, 4S stores can upgrade the intelligence and Internet connectivity of non-connected traditional vehicles that they sell while car users can enjoy in-vehicle hardware-related services, enhancing the appeal of vehicles that our 4S store customers sell to car buyers while at the same time creating a “win-win” situation for both our 4S store customers and car buyers alike.

### Our capabilities and recognitions

We believe our research and development capabilities give us a competitive advantage in maintaining our leading market position in the SaaS marketing and management services space and connected services industry and capturing new market opportunities. As at the Latest Practicable Date, our research and development team consisted of 75 members, who have extensive experience in the areas of SaaS services and data analysis of 4S stores. As at the Latest Practicable Date, we owned 28 patents and over 40 software copyrights, and these self-developed IP rights enable us to provide a full-range of functions, which can be customised and tailored for different application scenarios and individual business needs within the automotive aftermarket industry, for example vehicle-connected technology leveraging on our in-vehicle hardware for accurate detection of vehicle collisions, vehicle-connected technology and computational algorithms for risk control and alert on abnormal vehicle movement trajectory, management technology for in-vehicle smart terminals and in-vehicle hardware data traffic cards, image analysis algorithms used to support collision site identification, voice assistant to support efficient user communication, and we have also developed a large volume of relevant software for Dijia SaaS and HuGe e-Shield SaaS.

The research and development results accumulated over the years are the core essentials for our continuous growth. We have obtained certifications from various systems, including passing the ISO9001 (quality management certification), ISO20000 (information technology management system certification), ISO27001 (information security system certification), CMMI3 (software capability maturity level three) and Information System Security Classified Protection Level 3, and we have also been recognised as National High and New Technology Enterprise (國家高新技術企業) since 2021. In 2023, we were recognised as a specialised, sophisticated, distinctive and innovative small-to-medium enterprise (專精特新中小企業) by the Shenzhen Small and Medium Enterprise Service Bureau (深圳市中小企業服務局).

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As a testament of our well-recognised capabilities in the industry and our success in developing and launching products and services that address the needs of our customers, we have been granted the “Golden Finger” Award for Internet of Vehicles Solutions in 2021 (2021年度車聯網解決方案「金手指」獎) presented by the organising committee of the China (Greater Bay Area) International Internet of Vehicles Conference (中國(大灣區)國際車聯網大會組委會), the “Internet+” Performance Pioneer Award for the China Automobile Dealing Industry (中國汽車流通行業「互聯網+」實踐先鋒獎) in 2017 presented by CADA. In addition, our Dijia SaaS was awarded the “19th Shenzhen Enterprise Innovation Record” (第十九屆深圳企業創新記錄) by Shenzhen Enterprises Innovation Record Approval Committee (深圳市企業創新記錄審定委員會) and Shenzhen Enterprises Innovation Record Organisation Committee (深圳市創新記錄組織委員會) for pioneering innovation among industry peers in China. We have also become a member of the Shenzhen Association for Artificial Intelligence (深圳市人工智能學會理事單位) in 2022.

### OUR STRENGTHS

#### **A well-established in-vehicle hardware and SaaS marketing and management services provider for players within the automotive aftermarket in China**

We are a well-established in-vehicle hardware and SaaS marketing and management services provider for players within the automotive aftermarket in China. According to the CIC Report, we ranked first among the connected services providers who provide services to automotive aftermarket industry in China, and we also ranked first as a SaaS marketing and management service provider for the automotive aftermarket industry in China, both in terms of revenue in 2023.

We are dedicated to driving the enhancement of marketing and management capability and efficiency of the automotive aftermarket. With over ten years of continuous development in the automotive aftermarket industry, we have accumulated solid industry experience in in-vehicle hardware, algorithm models, SaaS systems and other related fields. In particular, our Directors consider that our business model, which encompasses both sales of in-vehicle hardware products and SaaS marketing and management services, allows us to capture business opportunities in the whole value chain of the automotive aftermarket and thereby distinguishes us from other competitors. We believe that we have a mutually complementary relationship with our 4S store customers, so we have great potential to continuously increase our market share in the automotive aftermarket.

Based on our established market position in the automotive aftermarket connected services market, our customers have formed strong user stickiness to our services. For example, during the Track Record Period, the retention rates of active 4S stores using our Dijia SaaS were over 95%. With our long-term industry experience accumulation and high user stickiness, we believe that we have established a competitive advantage and are well-positioned to grasp the growth potential of the market.

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### Industry specific and diversified products and services

We provide industry specific and diversified products and services covering (i) in-vehicle hardware products; and (ii) SaaS marketing and management services that empower our customers in the automotive aftermarket in China. We believe our comprehensive products and services facilitate our customers to streamline and digitalise their various business functions.

Our in-vehicle hardware products are designed to cover a range of different business and application scenarios. We provide in-vehicle hardware products, which are the in-vehicle devices connected to the back-end platform-based infrastructure to 4S store and channel partners, and core boards to in-vehicle device OBM customers. Our in-vehicle hardware products support functions like navigation assistance, collision detection and online entertainment, through which our products would empower our customers to provide integrated solutions based on the hardware, software and services and thereby better connect with their customers. Our key products include in-vehicle infotainment systems, in-vehicle safety systems and core boards.

We provide in-vehicle hardware products to 4S store and in-vehicle device OBM customers. We believe that our industry-specific products and services can cater for their corporate needs, in particular, allowing them to achieve customer acquisition and to enhance the connection between them and their customers. Our Directors believe that our in-vehicle hardware products is effective to attract and nurture our customers and have laid a solid foundation for the subsequent development of SaaS marketing and management services.

Our SaaS marketing and management services allow our customers to achieve cost reduction and efficiency enhancement in their businesses. Through our Dijia SaaS, we provide functions such as direct customer reach, automated data labelling and user management and precise marketing push. These functions of our SaaS marketing and management services empower our 4S store customers to simplify and automate their work flow and help them to achieve customer acquisition and enhance their sales performance. For instances, we respond to the needs of car users in a timely manner (such as providing timely roadside assistance to car users) in the travel scenario of the connected services, through which we help to quickly link up our 4S store customers with car users. In addition, our member benefits management system enhances the reaching out to activities of users of the stores' private domain. Our Dijia SaaS enables our 4S store customers to provide their car user customers with automotive aftermarket services that meet car users' needs efficiently. Through SaaS marketing and management services, our Dijia SaaS enables 4S store customers to reduce cost, enhance efficiency, realise precise and targeted marketing, and achieve transaction conversion, enhancement and transformation. During each year of the Track Record Period, the number of active 4S store customers using our Dijia SaaS were 1,856, 2,409 and 2,612, respectively.

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Our SaaS value-added services enable our 4S store customers streamline private domain functions and efficiency by improving traffic redirection and monetisation. Leveraging on our industry experiences and data analytical capabilities, we embed tools in our in-vehicle hardware products and SaaS marketing and management services. Our SaaS marketing and management services further assist our 4S store customers to digitalise their business functions by allowing the integration of online and offline marketing capabilities and services, and thereby developing other value-added businesses, such as providing auto decoration products and services, and finally resulting in business expansion and increasing the value of transactions of value-added products and services. In 2022, we provided 667 4S stores with our SaaS value-added services and that number increased to 1,429 4S stores in 2023.

### **Research and development capability and industry insight supporting our growth**

We believe our research and development capability is crucial to our continued success and abilities to maintain our leading market position in the SaaS marketing and management services space and vehicle-connected services industry and capture new market opportunities. We have been continuously offering new products and services through research and development. As at the Latest Practicable Date, we have a research and development team consisting of 70 members, accounting for approximately 33% of the total number of employees. Our research and development team keeps track of relevant technological advancement in respect of connectivity and the automotive aftermarket industry in China to keep abreast of industry knowledge development. With our proven research capabilities and industry vision supporting our growth, we have developed a set of customised technologies for digital operation services around connected scenarios.

During the Track Record Period, our research and development expenses were RMB16.8 million, RMB17.0 million and RMB18.1 million, respectively. Benefitting from continuous research and development investment and experienced research and development team, we have achieved outstanding results in research and development. Our continuous efforts on research and development in the industry have been awarded with multiple accreditations and recognition from various organisations and entities. For example, we have successively passed ISO9001, ISO20000, CMMI3, Grade III protection of information system security and other system certifications, and has been recognised as a national high-tech enterprise since 2021.

As at the Latest Practicable Date, we obtained 28 granted patents in total, including 24 invention patents, as well as over 40 software copyrights, covering a number of connected scenarios, mainly including vehicle-connected technology for realising accurate detection of vehicle collisions, vehicle-connected technology for risk control and alert on abnormal vehicle movement trajectory, management technology for in-vehicle smart terminals and in-vehicle hardware data traffic cards, image analysis algorithms used to realise collision site identification, voice assistant to realise efficient user communication and a large volume of relevant software for Dijia SaaS and HuGe e-Shield SaaS.



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Our continuous investment in the fields of big data and algorithmic modeling, combined with years of industry experience in the connected field in the automotive aftermarket, allowed us to build an industry-leading insight. With such ability, on the one hand, we constructed a number of commercialisation models for automotive connected travel scenarios in a targeted manner and enabled participants in the automotive aftermarket industry to reduce costs and increase revenue. On the other hand, we have gained a keen insight into the pain points and development trends of the automotive aftermarket industry, so as to constantly improve our service capability and continuously expand our service coverage.

### **Diverse customer base and stable relationships with customers**

We have a diverse customer base and a stable relationship with our customers. Our customers are mainly 4S stores in the automotive aftermarket industry. We also provide digitalisation products and services to in-vehicle device OBM and automotive financing and leasing companies. We consider that having such a diverse customer base allows us to have a stable and steady line of business and also diversified revenue sources.

In 2022, we provided SaaS marketing and management services to over 2,800 4S stores and that number increased to over 3,600 4S stores in 2023. In addition, we have maintained a ten-year business relationship with Customer A, our largest customer throughout the Track Record Period, which operated over 700 4S stores as at 31 December 2022, and our services covered most of their 4S stores in 2022. As at the Latest Practicable Date, we have established business relationship with our five largest customers in each year of the Track Record Period, with an average years of relationships of around five years.

We believe that the stable business relationship with our reputable customers among the industry reflects our consistently high quality of services that are able to address the different needs of our customers, as well as highlighting our established position. The close cooperation with a large number of customers in the automotive aftermarket industry deepens our understanding of the customers' monetisation scenarios in the automotive aftermarket, in order to continuously improve our service quality, as well as enhance customer experience and customer stickiness. At the same time, as we continue to expand our business vertically and expand our scope of services along the industry value-chain, the extensive and long-term customer base has also provided us with a first-mover advantage in business development. As establishing customer base and building up reputation take time and effort, we believe our close and stable business relationships with our customers cannot be easily replicated by our competitors.

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### **Experienced management team with extensive experience**

We have an experienced management team with extensive operational expertise and an in-depth understanding of our industry. Leveraging their respective expertise, our founders have jointly brought us from our inception to the current prosperity of our business. In particular, Mr. Zhu Lei, our chairman and executive Director, has more than 30 years of experience in corporate and business management. Mr. Zhao Zhan, our chief executive officer, general manager and executive Director, has engaged in the automotive aftermarket industry for more than 15 years, and has accumulated extensive experience and foresight on the application of big data of the digital services in the industry. Mr. Wu Shan, our deputy general manager, has involved in the information technology industry for more than 30 years and has accumulated extensive experience in big data and digitisation services for the automotive aftermarket industry. Mr. Zhang Yong, our chief financial officer, has worked in various accounting firms and listed companies and has over 20 years of experience in corporate financial management. Mr. Shen Jian, our chief technical officer, has served as the technical director of several Fortune 500 and unicorn enterprises, and has over 20 years of experience in technologies such as connectivity, big data analysis, algorithmic modeling, and the field of software system engineering. Please refer to the section headed “Directors and Senior Management” in this document for biographical details of our Directors and senior management.

We believe that the vision and ability of our management team to identify and respond to market trend together with the extensive experience possessed by them have provided us with a competitive edge to capture the potential market opportunities in our industry and contributed to our growth.

### **OUR STRATEGIES**

We intend to maintain our market competitiveness and enrich the functionalities of our products and services, and expand market position in China by implementing the following strategies:

#### **Continue to enhance our research and development capabilities to strengthen our competitiveness**

We will continue to enhance our research and development capabilities. We believe that our research and development capabilities is crucial to our success and we seek to cater for the growing demand in the industry by devoting more resources to develop innovative features and upgrade the functionality of our existing SaaS marketing and management services. With the development of connected services for the automotive aftermarket industry in China, there is a growing demand of our sales of in-vehicle hardware products and SaaS marketing and management services from the participants along the automotive aftermarket industry value chain. According to the CIC Report, the total revenue of connected services for the automotive aftermarket industry in China increased from RMB7.5 billion in 2019 to RMB12.2 billion in 2023 at a CAGR of 12.7%,

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and is expected to increase to RMB29.4 billion by 2028, with a CAGR of 19.3% from 2023 to 2028. The total revenue of sales of in-vehicle hardware products and SaaS marketing and management services for the automotive aftermarket in China reached RMB6.7 billion and RMB5.5 billion respectively in 2023; and the market sizes for these types of services are expected to increase to RMB7.4 billion and RMB22.0 billion at a CAGR of 2.2% and 31.9% from 2023 to 2028, respectively, according to the CIC Report. Leveraging our established market position in the industry, and with our proven track record, we believe we can enjoy sustainable growth over in this fast-growing industry.

To capitalise on the growing industry demand, and based on our decade-long operational experience, it is our strategy to remain competitive by strengthening our research and development capabilities through the following initiatives.

### ***Develop innovative features to our SaaS marketing and management services***

We attach great importance on our services innovation. We plan to develop and launch our self-developed technology infrastructure that could achieve integration with reputable third party social media platforms. Through this new technology infrastructure platform, we intend to develop and launch additional functions that could allow centralised user management, evaluation of marketing activities and further leads generation. In addition, through the successful integration of our self-developed technology infrastructure with third party social media platforms, we believe this would at the same time serves as our customer acquisition channels and allow us to reach out to a huge pool of potential customers.

Besides, we plan to horizontally expand the coverage of our SaaS marketing and management services to cater for more diverse business scenarios within the automotive aftermarket industry. For instances, we aim to develop SaaS marketing services system specifically for new energy vehicle sales scenarios, as well as covering car life benefits such as car wash, auto beauty and maintenance, second hand cars trade-in businesses. Through continuously enriching the functions and coverage of our products and services, we will reach out to different customer groups and derive more sales to our SaaS value-added services.

### ***Continue to enhance our algorithmic modeling capabilities***

We aim to continuously enhance our algorithmic modeling capabilities to enhance our core competitiveness. Our Directors believe that the good algorithmic models in the automotive market plays a crucial role to our future business development. As such, we will further upgrade algorithmic models to expand and enhance the functions of our products and services in different business scenarios. In particular, we aim to utilise engines generated by contents based on large-scale models for content creation and formulation of sales and marketing strategies. We intend to utilise third-party engines generated by contents based on large-scale models and refine its function for targeted automotive scenarios. For example, traditionally 4S stores identified car users' needs relying primarily on manual means such as telephone calls, WeChat messages and

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in-store face-to-face communications, which are low in marketing efficiency and sales conversion rates as 4S stores could not understand and address car users’ needs in a timely manner, resulting in low lead generation and sales conversion rates, thus leading to the loss of business opportunities. To address these weaknesses, we utilise the Customer Data Platform (CDP) to automatically label the car users that are already in the database of the 4S stores, and through this process automating customer labeling and implementing marketing initiatives for different customer interaction scenarios and generating tailor-made contents according to the labels of the car users, which help 4S store customers improve their marketing efficiency and marketing capabilities and improving their engagement with car users.

To keep up with the industry trend of connectivity in China’s passenger vehicle industry, we intend to increase our resources to the application of large-scale models and generative tools. With the increasing availability of data, specialised large-scale models in the automotive industry are gradually maturing and being widely applied to cover the entire lifecycle of ICVs. Large-scale models can conduct personalised marketing and customer relationship management by precisely analysing potential customers’ demands, and thereby improving sales efficiency. As such, we intend to train on the generic large-scale model, fine-tune it to develop a specialised model that could be easily and efficiently used by our automotive aftermarket store customers and would be applied in the various scenarios such as customer relationship and experience management and sales training in the 4S store, thereby increasing the business efficiency of each in-store personnel.

We plan to use self-developed algorithmic models to assess and analyse customers’ purchase cycles, formulate new opportunities for targeted marketing strategies, automated lead management, forecast demand and sales data. We also plan to continuously improve our research and development of algorithmic models and predictive analytics in after-sales leads-generation by optimising algorithms and models that can improve the accuracy of collision accident recognition. Leveraging our research and development capabilities, we aim to continue to connect with more industry participants along the industry value chain and continue to enhance and expand our products and services offerings to car user engagement. Based on the data collection of car users throughout the periods of use of vehicle, our Dijia SaaS assist our 4S store customers to carry out user profiling, form marketing automation strategy, push different marketing contents for different car user groups that are more precisely matched with the actual needs of the car users, while at the same time reducing the level of manual input from the staff of 4S stores and improving marketing efficiency, thus achieving the aim of allowing our 4S store customers to improve car users’ achieving user-stickiness.

Leveraging on the (i) growing industry demand; (ii) considerable industry expertise of the Group accumulated through our decade-long operational experience; and (iii) the continuous focus on products, services and technology improvement, our Directors believe that our Group is well-positioned to capture the rising demand for connected service for the automotive aftermarket industry in China.

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### **Broaden our customer base and expand the service scope of our products and services**

With the popularity of automotive intelligence and connectivity, the demand of car users is changing towards SaaS services, which strengthens the connection between car users and 4S stores and automobile manufacturers closer.

According to CIC report, there were around 31,600 4S stores in China in 2023, and the number is expected to increase to around 33,100 in 2028 while they are still in their early stage of digitalisation transformation. We believe that we are only providing services to a small amount of 4S stores in the entire market, demonstrating that there is a significant growth potential in this market.

We plan to expand the store coverage of our Dijia SaaS and allow more 4S stores to use our SaaS marketing and management services, including 4S stores who are currently in a dominant position in terms of transaction volume, and expand our business coverage to a large number of automotive aftermarket stores which are widely dispersed. Through years of long-term cooperation with various automotive aftermarket customers represented by top 4S stores, we have accumulated solid digital service capabilities and strong customer recognition among the industry. Leveraging on these advantages, we plan to continue to expand our customer base for our products and services, including, in particular, participating in industry exhibitions, industry association, increasing investment in direct sales teams, and enhancing network of channel partners.

We plan to expand our customer base and service scope of our products and services to the entire value chain of the automotive industry to meet the growing demand from car users, specifically including:

- **4S stores.** Our Dijia SaaS has enabled function based subscriptions for our 4S store customers support user activity and leads push, and support for various business scenarios that are novel to the industry in relation to user digitalisation. In terms of new types of SaaS value-added products and services, we have realised SaaS value-added auto decoration products and services and UBI renewal. We will support more scenarios including SaaS value-added used car sales assistance, NEV purchase and trade-in and auto financing mortgage, etc.;
- **Insurance companies.** Taking advantage of our accumulated connected technology for years, we plan to provide insurance companies with products and services for the needs of car users throughout the periods of use of vehicle, covering accurate pricing scenario for auto insurance, precise inspection scenarios for insurance claims, NEV battery health care scenario and valuation of digital recycling of NEV battery scenario; and

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- **Automobile manufacturers.** Leveraging our accumulated know-how and experience in serving 4S store customers, we plan to help automobile manufacturers establish or optimise digital connectivity, digital marketing and data service capabilities for connectivity with car users directly.

### **Expand the varieties of SaaS value-added products and services to satisfy the service needs of car users throughout the periods of use of vehicle**

Leveraging on our long history in the automotive aftermarket industry, our Dijia SaaS has accumulated a large number of 4S store customers in the automotive aftermarket in China. We believe that with the increasing levels of automotive intelligence, connectivity and digitalisation, car users will be looking for increased levels of customisation and personalisation in the products and services that they look for. Relying on our in-depth insight of the automotive aftermarket, we intend to innovate, expand and enrich the varieties of products and services to meet the ever evolving needs of car users, and in the process we aim to increase our cooperative involvement with our customers.

The periods of use of vehicle usually consists of the new car sales period, sub-new car run-in period of 0-12 months, car-use warm-up period of 12-36 months and loss and attrition period of more than 36 months. The following table sets out the product selection diagrams for car users’ needs in different periods of vehicle life-cycle:

	<b>New car sales period</b>	<b>0-12 months sub-new car run-in period</b>	<b>12-36 months car-use warm-up period</b>	<b>More than 36 months loss and attrition period</b>
Marketing products	<ul style="list-style-type: none"> <li>• SaaS value-added auto decoration</li> </ul>	<ul style="list-style-type: none"> <li>• SaaS value-added auto decoration</li> </ul>	<ul style="list-style-type: none"> <li>• SaaS value-added auto decoration</li> <li>• SaaS value-added renewal of car insurance</li> <li>• SaaS value-added used car sales assistance</li> </ul>	<ul style="list-style-type: none"> <li>• SaaS value-added auto decoration</li> <li>• SaaS value-added renewal of car insurance</li> <li>• SaaS value-added used car sales assistance</li> <li>• SaaS value-added NEV purchase and trade-in</li> <li>• SaaS value-added auto financing mortgage</li> </ul>

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We plan to expand the varieties of SaaS value-added products and services that we offer to our existing 4S store customers. From our interactions with 4S stores who subscribe to our Dijia SaaS, we find that there are many specific needs of car users throughout the periods of use of vehicle that remain unsatisfied under the traditional operational model of 4S stores that focuses on auto parts and components. These specific needs include new car users' needs for light auto modifications and auto accessories, car insurance renewal needs for car users who do not have active connection with automotive aftermarket stores, and NEV purchase and trade-in needs of car users.

Through the integration of products and service resources in the upstream and downstream of the automobile industry chain, we have realised the transactions of auto decoration products and services by using our SaaS system. In 2022, we offered 667 4S stores with SaaS value-added services, and the number of 4S store customers further increased to 1,429 in 2023. We intend to promote the service to a larger number of 4S store customers, and gradually introduce new services and product categories such as used cars sales assistance and NEV purchase and trade-in. For example, in the second half of 2023, we have been appointed as a "service and product sales empowerment partner" by a NEV OEM to assist its NEV 4S stores through utilising our SaaS system and online and offline integrated marketing capabilities with an aim to improving the conversion rates of extended warranty sales for NEVs, and also to increase these stores' sales efficiency while at the same time ensuring the quality of sales activities and improving customer satisfaction. We plan to improve user satisfaction and stickiness through closer integration of our products offering with our customers' business, and achieve more digital service transactions, create additional revenue streams for 4S stores and increase the average revenue level of single 4S stores.

### **Seek strategic investment and collaboration opportunities in the upstream and downstream sectors of the industry**

We intend to selectively seek strategic investment and collaboration opportunities that are complementary to our growth strategies. We expect to acquire or invest in the upstream and downstream of the industry such as in-vehicle hardware products manufacturers, 4S stores group or automotive manufactures, with an aim to expand our service offerings, sales channels, while enhancing the stability of our hardware and service supply and lowering procurement costs. To be prudent, we currently consider we will make minority equity investment in connected vehicle hardware manufacturers; and explore collaboration opportunities with 4S store groups and automotive manufacturers when an appropriate opportunity arises. Specifically, we are seeking collaboration opportunities with 4S store groups and automotive manufacturers, through setting up joint venture companies with them when an appropriate opportunity arises.

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In selecting acquisition and investment opportunities, we will consider, among other things, operating history, scale of operation, annual revenue requirements, corporate background and market position. We believe our extensive industry experience and insights will enable us to identify suitable targets and effectively evaluate and execute potential opportunities. As at the Latest Practicable Date, we have not identified any potential target for acquisitions or investment.

### **Attract, nurture and retain talent**

In order to cope with our expected business expansion and the evolving market demand, we intend to continue to attract, nurture and retain talent. We plan to attract talent with our competitive remuneration and vibrant corporate culture. In particular, we target to recruit talent from the automotive aftermarket industry to support our development. In addition, we plan to improve our employee training programs through both in-house training as well as external resources to up-skill our employees. Our competitive remuneration and employee benefits will stimulate the productivity of our employees, allowing us to maintain our position as a market leader of the industry.

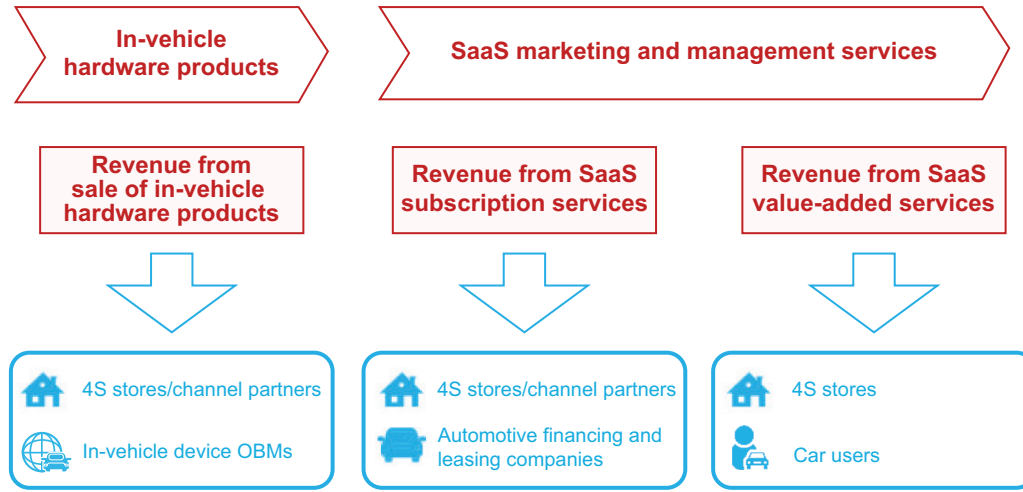
### **OUR BUSINESS MODEL**

We endeavor to provide connected services for customers in the Chinese automotive aftermarket industry. We offer (i) in-vehicle hardware products, including (a) hardware such as in-vehicle infotainment systems and in-vehicle safety systems through either direct sales or sales through our channel partners, and (b) core board by offering core boards to in-vehicle device OBM customers through direct sales; and (ii) SaaS marketing and management services, which we offer (a) Dijia SaaS to 4S store customers through either direct sales or sales through our channel partners, and HuGe e-Shield SaaS to automotive financing and leasing companies through direct sales, and (b) SaaS value-added services, providing auto decoration products and services to car users and online and offline integrated marketing services to our 4S store customers. Our in-vehicle hardware is connected to the back-end platform-based infrastructure. It is the access platform developed by us for receiving, storing and processing the data generated by in-vehicle hardware, and through our implementation of specific hardware and software functionalities we aim to improve car usage experience. On the other hand, our SaaS marketing and management platforms are different sets of tools targeted to 4S stores and automotive financing and leasing companies.



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The following diagram below sets forth an overview of our business model during the Track Record Period.



Throughout the Track Record Period, our target customers have primarily been 4S stores and other automotive aftermarket industry participants, and the products and services that we offer have evolved around our target customers. The table below sets forth our business lines, our key product offering for each business line and our target customer groups during the Track Record Period:

Business line	Major products and services	Targeted customer	Source of revenue
Sales of in-vehicle hardware products	In-vehicle infotainment and safety system	4S stores/channel partners	Revenue from sale of in-vehicle hardware products
	Core boards	In-vehicle device OBM	Revenue from sale of in-vehicle hardware products
SaaS marketing and management services	Dijia SaaS subscription services	4S stores/channel partners	Revenue from subscription services of SaaS products and services
	HuGe e-Shield SaaS subscription services	Financing and leasing companies	Revenue from subscription services of SaaS products and services
	Auto decoration products and services	Car users	Revenue from SaaS value-added products and services
	Online and offline integrated marketing services	4S stores	Revenue from marketing services

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The table below sets forth a breakdown of our revenue by business line and major product/service types during the Track Record Period:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Sales of in-vehicle hardware products</b>						
In-vehicle infotainment system . . . . .	79,667	24.4	96,643	23.4	126,710	22.6
In-vehicle safety system . . . . .	16,817	5.1	13,433	3.2	24,875	4.4
Core board . . . . .	79,463	24.3	62,596	15.1	74,513	13.3
Sub-total . . . . .	175,947	53.8	172,672	41.7	226,098	40.3
<b>SaaS marketing and management services</b>						
SaaS subscription services . . . . .	141,513	43.3	130,270	31.5	134,525	24.0
SaaS value-added services . . . . .	9,314	2.9	110,918	26.8	199,946	35.7
– Auto decoration products and services . . . . .	9,314	100.0	101,840	91.8	176,827	88.4
– Online and offline integrated marketing services . . . . .	–	0.0	9,078	8.2	23,119	11.6
Sub-total . . . . .	150,827	46.2	241,188	58.3	334,471	59.7
<b>Total . . . . .</b>	<b>326,774</b>	<b>100.0</b>	<b>413,860</b>	<b>100.0</b>	<b>560,569</b>	<b>100.0</b>

### (I) Our in-vehicle hardware products

Since our inception in 2012, we have been providing in-vehicle hardware products (enabling various functionalities such as Internet-enabled navigation, voice-control, in-vehicle infotainment, over-the-air (OTA) upgrade and smart information push) to customers, through which we have been bringing upgrades to the intelligence and connectedness of traditional vehicles. According to the CIC report, we are now one of the market leaders for the sales of in-vehicle hardware products in the automotive aftermarket industry in China, and in 2023 we ranked third in terms of revenue generated from sales of in-vehicle hardware products for the automotive aftermarket industry in the PRC with a 3.4% market share.

We designed our in-vehicle hardware products against “Internet enabling” backdrop, and built our own platform that includes SDK embedded software, Internet connectivity (e.g. providing low cost data connectivity products and services), and application services (meaning multi-service aggregation and packaging, combining in-vehicle membership benefits, repair services, vehicle maintenance, and their related services). Our Directors believe that through the in-vehicle hardware products that we offer we have enhanced the intelligence of vehicles, created the capability of “reach” through the trinity of hardware, software and services, which laid a solid foundation for the subsequent development of SaaS marketing and management services.

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Our in-vehicle hardware products include:

- (a) in-vehicle hardware, which is our integrated products and services package encompassing hardware, cloud-based products and services and APP, with components such as in-vehicle hardware and SIM cards that allows the hardware to be wirelessly connected to the Internet, through which our products would be able to provide integrated in-vehicle media content and service delivery. With the aftermarket installation of our in-vehicle hardware products, traditional cars can undergo an upgrade to become more Internet-enabled, and car users can experience an upgrade of their car use experience through closer interaction between car users and 4S stores that provide aftermarket services on matters such as repair and maintenance; and
- (b) core board, through which we embed SDK software into our core board products, which may also be bundled data traffic, thus allowing our in-vehicle device OBM customers to efficiently develop their own products that are Internet-enabled.

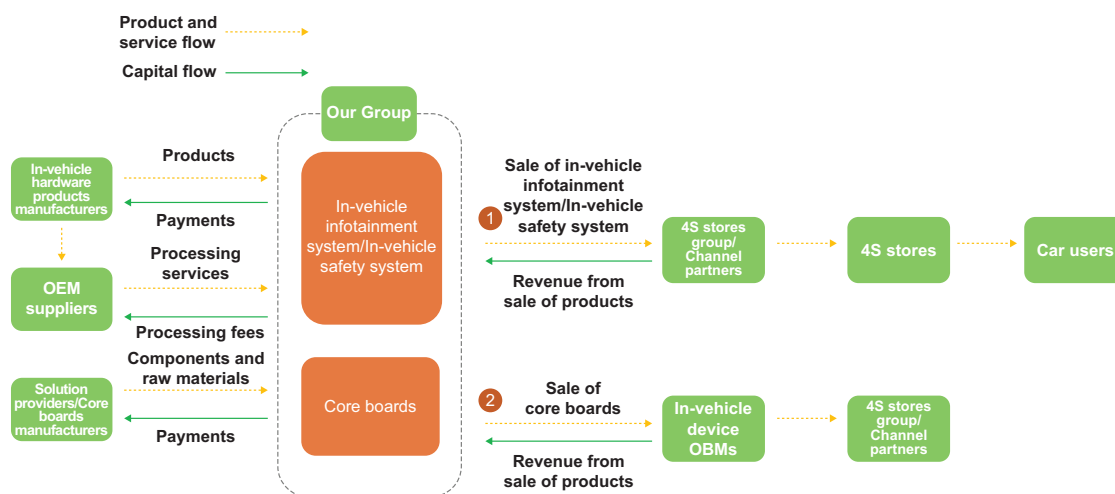
Our in-vehicle infotainment system products are mainly installed into ICEVs manufactured by joint-venture OEMs which are collaborative ventures between multinational brands and domestic brands (e.g. GAC Toyota, GAC Honda and FAW-Volkswagen) during the Track Record Period, which are ultimately sold to car users by our 4S store customers or our channel partners. These systems can be customised according to the actual needs of specific vehicle brands and models and can be installed in vehicles of different brands and models and during the Track Record Period, our in-vehicle infotainment systems were installed in brands of cars that are local to the PRC and also those which were produced by sino-foreign joint ventures. Our products are customisable and can be adapted by us according to our customers' specifications and based on the actual needs of the specific brands and models of vehicles.

Our in-vehicle safety system products are mainly adapted by ICEVs and are ultimately sold to car users through 4S stores or our channel partners which are mainly non-vehicle model specific products that can be mounted either installed inside the car's roof or front windshield through a bracket and during the Track Record Period were installed in a number different brands and classes of vehicles including joint-venture OEMs between multinational brands and domestic brands, domestic brand OEMs and also a small proportion of luxury foreign OEMs. According to the CIC Report, joint-venture brands and domestic brands collectively accounted for 87.0% of the overall automotive market share in China in 2023 in terms of new vehicle sales volume, and are expected to reach 91.7% in 2028. Additionally, while most vehicle manufacturers pre-install hardware products, the majority of vehicle models, especially mid-range and low-end vehicle models, are installed with basic hardware products, which are different from the more advanced in-vehicle hardware products sold in the automotive aftermarket such as the in-vehicle hardware products we offered. On these bases, the market for sales of in-vehicle hardware products is expected to continue its growth in the following five years.

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Our core board products are supplied to our in-vehicle device OBM customers in the form of semi-finished core components of in-vehicle infotainment system, which can be adapted by in-vehicle device OBMs into finished hardware of different brands for subsequent sales. After integration and customisation, the device OBM customers would sell the completed product to car users through our customers’ own channels.

The diagram below sets forth the business flow of our sales of in-vehicle hardware products during the Track Record Period:



By developing a data traffic management system, we are providing a data traffic products and services including functionalities for our 4S store customers to monitor the consumption status of data traffic, prevent invalid data generation and customise different packages for our 4S store customers with an aim to lower the components of cost for car users for using our services. By customising the User Interface (UI) and integrating software functionalities such as voice recognition and response, navigation and cloud-based vehicle security monitoring, we have enhanced the Internet-connected car experience of car users. We have empowered our 4S store customers improve the comprehensive competitiveness of the products and services that they sell in the traditional auto sales process, and through our careful integration of software with hardware that are installed in cars that our 4S store customers sell, we have also enabled our 4S store customers who utilise our SaaS market and management services to acquire, retain, operate and generate leads from car users and allowing for closer interactions between car users and 4S stores including marketing pushes and remote service delivery. For further details, please refer to “– (II) Our SaaS marketing and management services” below.

For example, in a collision scenario, in the process of driving, our in-vehicle hardware installed in the vehicle will continuously collect GPS and G-sensor information, and analyse the driving conditions of the vehicle in real time. When the device detects a vehicle collision, the device will immediately upload a collision event to our back-end and perform the collision model analysis. If the collision is confirmed by the analysis, the SaaS system will push a collision message to the APP installed by the car users. Meanwhile, a collision lead will be pushed to the 4S store in Dijia SaaS system, and the staff of 4S store will be able to communicate with the car user shortly after a collision event and guide the car user to the 4S store for repairs.

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We do not collect any personal data or images from the public through our in-vehicle safety system products. Without prior consent from the users, we are not allowed to collect any information or data from them. Following the purchase of the in-vehicle safety system products, car users leverage these systems independently to capture data and images from outside the vehicle. The collection of relevant data is entirely managed by the car users themselves or authorised personnel from 4S stores. For further details, please refer to the paragraphs headed “Cybersecurity and Personal Data Privacy – Data collection” in this section.

The table below sets forth the breakdown of average selling price and sales volume by in-vehicle hardware product type during the Track Record Period:

	FY2021		FY2022		FY2023	
	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume
		'000		'000		'000
	RMB	units	RMB	units	RMB	units
In-vehicle infotainment system	885	90	863	112	763	166
In-vehicle safety system	227	74	224	60	383	65
Core board	144	551	142	440	130	574

Over the Track Record Period, there has been an decreasing trend in the average selling prices of our in-vehicle infotainment system products mainly due to the increase in sales of universal navigation systems and smart vehicle boxes with lower unit prices primarily due to the group purchasing campaign service under our SaaS value-added service launched. In FY2023, there was an increase in the average selling price of our in-vehicle safety system products due to the increase in the sales volume of one of our rear-view mirror products with bigger display screen and having real-time video capability, hence having a higher unit price when compared with our previous generation of the rear-view mirror product, and this product was well received by the market through its promotion through our group purchasing campaign service.

Besides, during FY2022, COVID-19 restrictions led to reduced demand for automotive aftermarket services and new hardware in vehicles which was primarily due to reduced vehicle usage and economic uncertainties. As such, there was lower demand of our customers for our products, leading to a decreasing trend in sales volume for our in-vehicle safety system and core board products from FY2021 to FY2022. In order to boost our sales, we launched, among other initiatives, the group purchasing campaign service under our SaaS value-added service starting from the second half of FY2022, as a result of which, we achieved a rebound in our sales volume of in-vehicle hardware products in FY2023.

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The table below sets forth the details of our main in-vehicle hardware products during the Track Record Period:

Type of in-vehicle hardware product	Unit price range of our main in-vehicle hardware products during the Track Record Period (RMB)	Key functions	Service contents
 In-vehicle infotainment system	610 to 1,468	Providing GPS-based navigation, Wi-Fi connectivity (both for connecting to the Internet and for hot spot sharing), media playback from both internal storage and USB external storage, AM/FM radio, connecting to mobile phones through Bluetooth, connecting to mobile phones through USB cable, mirroring functions (such as navigation, audio playback and video playback) across different devices and 360-degree surround view functionality (functionalities which might vary across different product models)	<ul style="list-style-type: none"> <li>Improving the competitiveness of our customers in selling vehicles through adding functions to these vehicles such as in-vehicle information, voice-activated control, smart navigation, cloud-based vehicle security, and collision detection, while at the same time encouraging return visits to stores by car users when combined with our leads services under Dijia SaaS</li> <li>Providing flexible data traffic plans to 4S store customers through our in-depth cooperation with mobile operators</li> </ul>
 In-vehicle safety system	145 to 750	Providing navigation, playing music from cloud services, FM radio, Bluetooth connection, Wi-Fi hot spot sharing, front and rear car cam recording, reversing camera, collision detection, voice-activated control, cloud-based vehicle security monitoring (雲電子狗), remote vehicle monitoring, driving history playback, and allowing for OTA upgrade (functionalities which might vary across different product models)	<ul style="list-style-type: none"> <li>Through providing the SDK embedded software interface, allowing a quick way for OEMs to quickly develop their own products based on our in-vehicle platform, thus reducing their own development costs for new products</li> <li>We have integrated in our SDK embedded software a set of functionalities such as vehicle information, voice-activated control, smart navigation, cloud-based vehicle security and collision detection, through which our customers' product competitiveness can be enhanced</li> </ul>
 Core board	95 to 280	Providing in-vehicle hardware that has SDK package embedded, is Internet-enabled and with media content having been integrated, and can support functionalities such as 4G network connectivity, Wi-Fi connectivity, data transmission through USB, 360-degree surround view functionality, media playback, connection to mobile phones, connection to reversing cameras, voice-activated control, in-vehicle infotainment and navigation, and online entertainment (functionalities which might vary across different product models)	

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Our in-vehicle hardware are combined with our own proprietary software. As at the Latest Practicable Date, we generated ten patents in our sales of in-vehicle hardware products business such as vehicle device relationship proofreading method (車載設備關係校對方法及設備) which we establish a unique binding identification relationship between a vehicle, a device and a car user; Internet of Things data traffic pool monitoring method, device and computer-readable storage medium (物聯網卡流量池監控方法、設備及計算機可讀存儲介質) by which we can provide customers with more accurate and detailed data traffic products and services; vehicle trip calculation method, device and readable storage medium based on in-vehicle device (基於車載設備的車輛行程計算方法、裝置和可讀存儲介質) which generate trajectories and trips through GPS information collected by in-vehicle device, providing basic data for analysis of car user’s driving behaviour. These innovations are converted into functionalities into the software and services that we offer, and depending on the software iteration, our proprietary software may contain innovations under one or more of the patents that are developed by us.

According to the CIC Report, in-vehicle infotainment systems and in-vehicle safety systems experience frequent upgrades in technology, functionality and features. To maintain our competitiveness, we regularly introduce new products and introduce upgrades to our existing products with an aim to improve customers’ evolving needs and the latest market developments for in-vehicle infotainment and vehicle safety. We keep a close watch on competing product development in the market and upgrade our own in-vehicle hardware products to maintain our market leadership. As such, our product life-cycle varies depending on how quickly the market evolves. We will continue to enrich, expand and upgrade our in-vehicle hardware products in terms of delivery forms (such as various forms of in-vehicle infotainment and safety-related terminals) and functions (such as voice control, OTA upgrade and information push) of our products, thereby helping our 4S store customers achieve quick enhancement to their abilities to reach the car users and also their service capabilities.

### **(II) Our SaaS marketing and management services**

We provide our customers with SaaS marketing and management services comprising SaaS subscription services and SaaS value-added services. According to the CIC Report, on account of the highly fragmented automotive aftermarket industry with many subsectors, the market size of connected services for the automotive market industry accounted for approximately 0.9% of the much larger automotive aftermarket industry as a whole, but within this market for connected services, we ranked first as a SaaS marketing and management service provider for the automotive aftermarket industry in China in terms of revenue generated from SaaS marketing and management services with a market share of 6.1% in 2023.

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Our traditional focus, prior to our launch of our SaaS services, was on the design and sales of in-vehicle hardware products (including but not limited in-vehicle hardware and connectedness to the Internet), and our Group have developed a R&D team for product testing, development, operation and maintenance, with different functional roles coordinating and cooperating to develop the SaaS products based on software methodology and product development process.

From 2012 to 2017, the demand for automotive financing and leasing in China developed rapidly and the automotive financing and leasing companies' demand on strengthening the post-loan risk control based on in-vehicle hardware and system also increased. As such, we proactively responded to such demands, and invested into the development of HuGe e-Shield SaaS. The HuGe e-Shield SaaS work in conjunction with the in-vehicle hardware and software that we were already producing to a large extent, while we utilise the SDK (Software Development Toolkit) and API that are provided by third party open-platform major map services provider in the PRC, Gaode Maps, that permits developers such as our Group to leverage on their maps in providing customised services, and through its R&D efforts, continuously iterated the HuGe e-Shield SaaS based on the needs for risk control from the financing and leasing companies.

The process of developing HuGe e-Shield SaaS has accumulated talents and technologies as a support for the development of its Dijia SaaS. From 2017 to 2021, with the needs for SaaS marketing and management of 4S stores, we applied the SaaS infrastructure built in HuGe e-Shield and launched the Smart Store SaaS system (智慧門店SaaS系統), which is the predecessor of the Dijia SaaS, which further enhanced our ability to help 4S store customers to realise the digitalisation of car user management process.

Through the development process of HuGe e-Shield, we have become well-prepared for the development of the Dijia SaaS in the following aspects:

- (i) Technical reserves. HuGe e-Shield SaaS served a large number of automotive financing and leasing companies through SaaS which enables our customers to realise the accumulation of key SaaS technologies including multi-tenant decentralisation and sub-domainisation (多租戶分權分域) and cloud infrastructure, multi-tier architectural design (多層架構設計) and micro-services (微服務) which are software frameworks that can be directly applied to the development of Dijia SaaS:
  - (a) Multi-tenant decentralisation and sub-domainisation: SaaS applications are generally multi-tenant, which means that a single application instance can serve multiple customers, each with their own data and customised settings. Implementing a multi-tenant architecture requires a design in terms of data isolation, security, performance and resource sharing.



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- (b) Cloud infrastructure: SaaS is generally built on cloud computing infrastructure which provide scalable computation, storage, and network resources to support elasticity and high availability of SaaS applications. We adapt to the leading cloud computing service provider through software reconfiguration.
  - (c) Multi-tier Architecture: a typical SaaS application utilises a layered architecture that includes a front-end interface, application logic, and database tier which helps to keep the code maintainable and scalable.
  - (d) Micro-services: the use of micro-services architecture allows for greater scalability and flexibility of SaaS system while simplifying the development, testing and deployment process.
- (ii) Talent reserves. HuGe e-Shield has accumulated our key talents in SaaS including SaaS system design software architects, cloud infrastructure operation and maintenance engineers, engineers of front-end, back-end and database.
  - (iii) Model reserves. the promotion and popularisation of HuGe e-Shield in automotive financing and leasing companies has enabled us to accumulate experience in designing efficient SaaS subscription business model and realise the building of SaaS value-added services by continuously expanding its services.

All of the above-mentioned reserves have laid a solid foundation for the development and promotion of Dijia SaaS. The development of our SaaS and SaaS value-added products are evolutions from our existing product offerings. Through the foresight and vision of our senior management, we were able to achieve its success during the Track Record Period.

For our SaaS subscription services, with our research and development and continuous upgrade of our Dijia SaaS, we help 4S store customers to improve their sales cycle by empowering them with digital marketing capabilities through customer acquisition, active operation and leads generation, and achieve cost reduction and efficiency enhancement. Further, we have developed HuGe e-Shield SaaS for our automobile financing and leasing company customers to provide them with vehicle risk management services such as in-loan monitoring, post-loan vehicle monitoring and effectively helping them to monitor the condition of the vehicles under finance, improve the vehicle recall rate and mitigating economic loss.

For SaaS value-added services, we have come to realise that many of car users' needs remain unmet. 4S stores are committed to provide value-added services but they lack insight into user demand, digital marketing efficiency, and quality of product delivery. Through providing online and offline integrated digital marketing services and based on the user pool reached by our SaaS marketing and management services, we help 4S store customers improve their transaction volume in novel types of value-added services. Our 4S store customers in turn provide us with user traffic to facilitate our auto decoration products and services business to car users group of our 4S store customers.

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## BUSINESS

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We acquired the requisite knowledge and expertise to develop, promote and iterate the SaaS subscription services and SaaS value-added services in the following manner:

- (i) through the development and sales of the in-vehicle hardware products in the earlier stages of its development, we have developed close working relationships with 4S stores, and gained an appreciation on the sales scenarios and operational processes of 4S stores and the difficulties faced by them;
- (ii) we recruited talents such as Mr. Shen Jian (沈劍先生), the CTO of our Group, who joined our Group in January 2016 to head the R&D team, whose extensive experience in system development in the SaaS industry has contributed to our R&D capability and overall operational capacity. For further details of Mr. Shen’s experience, please refer to “Directors and Senior Management”.

After joining us, Mr. Shen led the team to build up the capability of developing SaaS products and iterating the SaaS products of the Company leveraging on industry his experience, feedback from our base of customers, and through closely monitoring the trend in SaaS marketing management in the automotive market industry in collaborating with other senior management of our Group. Please refer to the section headed “Business— Technology Infrastructure, Systems and Capabilities – Our Technological Capabilities” for further details of the qualifications of our research and development team; and

- (iii) through the study of SaaS products in the market and also participating in industry events and associations, and investing into in-depth research on SaaS products in the industry, we have successfully identified and analysed how those products fell short on addressing 4S stores and automotive financing companies’ and 4S stores customers’ needs, and how our own products would be able to differentiate from these competing offerings, and gradually developed the functionalities of the Dijia SaaS.

The Smart Store SaaS system (智慧門店SaaS系統), the predecessor of Dijia SaaS, was initially developed to address the digital and management needs of 4S stores. It was designed with a focus on managing the work of sales staff and serving the car users of these stores. In 2021, private domain marketing based on WeCom gradually became more popular in the market, while 4S stores also paid increased attention to marketing efforts, especially the development of marketing for after-sales activities and revenue streams. It was during this period Dijia SaaS, a digital marketing empowerment for 4S stores, was developed Dijia SaaS places customer-oriented marketing operation as its core, enabling continuous marketing across multiple categories and throughout the entire vehicle life-cycle for car user customers.

Our 4S store customers of SaaS subscription services and SaaS value-added services cover large-, medium- and small-sized 4S stores with larger-sized 4S stores being the our main targeted customers.

## BUSINESS

The table below sets forth the main operating metrics of our SaaS marketing and management services during the Track Record Period:

	For the year ended 31 December		
	2021	2022	2023
Number of active 4S store customers using our SaaS marketing and management services <sup>(1)</sup>	1,898	2,880	3,623
— Number of active 4S store customers using our Dijia SaaS	1,856	2,409	2,612
— Number of active 4S store customers of SaaS value-added services	112	667	1,429
Revenue from 4S store customers using our SaaS marketing and management services (RMB'000)	123,713	219,383	313,854
Gross profit from 4S store customers using our SaaS marketing and management services (RMB'000)	56,489	129,421	202,096
Average revenue per 4S store customer for SaaS marketing and management services <sup>(2)</sup> (RMB'000)	65	76	87
Gross profit per 4S store customer for SaaS marketing and management services <sup>(3)</sup> (RMB'000)	30	45	56
Gross profit margin from 4S store customers using our SaaS marketing and management services <sup>(4)</sup>	45.7%	59.0%	64.4%

*Notes:*

- (1) Number of active 4S store customers of SaaS marketing and management services represents the number of 4S store customers we provided SaaS marketing and management services to during the relevant year.
- (2) Average revenue per 4S store customer for SaaS marketing and management services is calculated based on aggregate total revenue from 4S store customers for SaaS marketing and management services divided by the number of active 4S store customers of SaaS marketing and management services of the relevant year.
- (3) Gross profit per 4S store customer for SaaS marketing and management services is calculated based on aggregate total gross profit from 4S store customers for SaaS marketing and management services divided by the number of active 4S store customers of SaaS marketing and management services of the relevant year.
- (4) Gross profit margin from 4S store customers using our SaaS marketing and management services is calculated based on aggregate total gross profit from 4S store customers for SaaS marketing and management services for the year divided by the aggregate total revenue from 4S store customers for SaaS marketing and management services for the year and multiplied by 100%.

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## BUSINESS

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During the Track Record Period, the number of active 4S store customers that used our Dijia SaaS increased mainly due to: (i) the increase in demand of 4S store customers. With the deepening of automotive intelligence, Internet connectivity and the popularity of NEV, and the continuous emergence of digital business scenarios, which bring about changes in the marketing and service model of automotive aftermarket industry and increase in the demand for enhancement of marketing and management capability and efficiency of 4S stores. According to the CIC Report, SaaS subscription services in China’s automotive aftermarket grew at a CAGR of 17.4% from 2019 to 2023. During 2021 to 2023, due to the impact of COVID-19, the growth rate of new car sales declined so that our 4S store customers increased their attention and investment in the fast-growing after-sales service market, which led to a rising demand for “user-centric” SaaS services.

The marketing prospects bring great opportunities for the growth of the number of active 4S store customers using our Dijia SaaS subscription services; (ii) the iteration and upgrading of our Dijia SaaS functionalities. We have continuously iterated and upgraded our Dijia SaaS functionalities by broadening its functional modules such as new service item charged based on functions of member benefit services so that our 4S store customers can choose the functional modules that they want, therefore allowing them to freely choose the modules that they wish to subscribe for from, which contributed to the increase in the number of our 4S store customers; and (iii) our extensive industry experience. We have more than ten years of experience and continuously increased our marketing efforts to promote our products and services and enhanced our brand image and competitiveness in the industry through online marketing media, various events organised by automobile-related industry associations and exhibitions. We also recruited experienced sales and marketing team members to work with more channel partners who have 4S store customer resources and reached more potential 4S store customers. During the Track Record Period, by stepping up the marketing events, we have accumulated numbers of registered 4S stores for trial, which were gradually converted into long-term customers of our SaaS subscription services.

During the Track Record Period, the number of active 4S store customers using our SaaS value-added services increased mainly due to: (i) the increase in demand of 4S store customers. Based on the long-term services and interactions between our Dijia SaaS system and our 4S store customers, we have found that under the traditional 4S store operation model, there are still many specific needs of car users that have not been met. SaaS value-added services help 4S store customers generate new transactions while meeting the needs of car users, increasing the revenue of 4S store customers; (ii) the provision of services required by 4S store customers. With our industry experience and data analysis capabilities, our SaaS value-added services enable our 4S store customers to achieve effective realisation on private domain traffic by improving traffic redirection through the low-cost online and offline integration of marketing services without additional investment in resources to achieve the increase in revenue; and (iii) Strengthening our marketing efforts. Since March 2021, we strengthened our marketing efforts to promote our SaaS value-added services and expanded the geographical scope

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## BUSINESS

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of our presence in 4S stores across China especially in Sichuan province, Chongqing city, and Shandong province, with active 4S store customers increasing from 56, 46, and 45 in FY2022 to 84, 56 and 89 in FY2023, respectively, to enable our direct sales team to support sales in different regions, thereby expanding our sales network and customer base. Through increased marketing efforts, the number of 4S stores using our SaaS value-added services has increased rapidly from 112 in 2021 to 667 in 2022 and further to 1,429 in 2023, thus annual revenue per store has risen from RMB83,000 in 2021 to RMB166,000 in 2022 and the annual revenue per store was RMB140,000 in 2023, which has further contributed to the significant growth in the number of our 4S store customers for our SaaS value-added services.

### ***SaaS subscription services***

Our SaaS subscription services include (i) Dijia SaaS, which offers our SaaS marketing and management services to our 4S store customers and channel partners, and (ii) HuGe e-Shield SaaS, which offers SaaS management services to automotive financing and leasing companies.

Leveraging on our years of operational service experience in the field of sales of in-vehicle hardware products, we launched the Dijia SaaS mainly for our 4S store customers, and our system provides our 4S store customers with capabilities to reach out to their car user customers to increase customer traffic flow, active operation and leads generation, addressing the pain points of insufficient store-to-user interaction and imprecise lead identification capability. At the end of 2021, with the continued deepening of our user-centric digital operation concept, our Dijia SaaS was further upgraded to a SCRM system based on the WeChat ecology. Leveraging on the strong linking capabilities of WeChat, we continue to enhance the functions in the areas of reaching out to car users, active operation, lead generation, transaction conversion, with an aim to help customers continuously improve user satisfaction, activity rates and return rates.

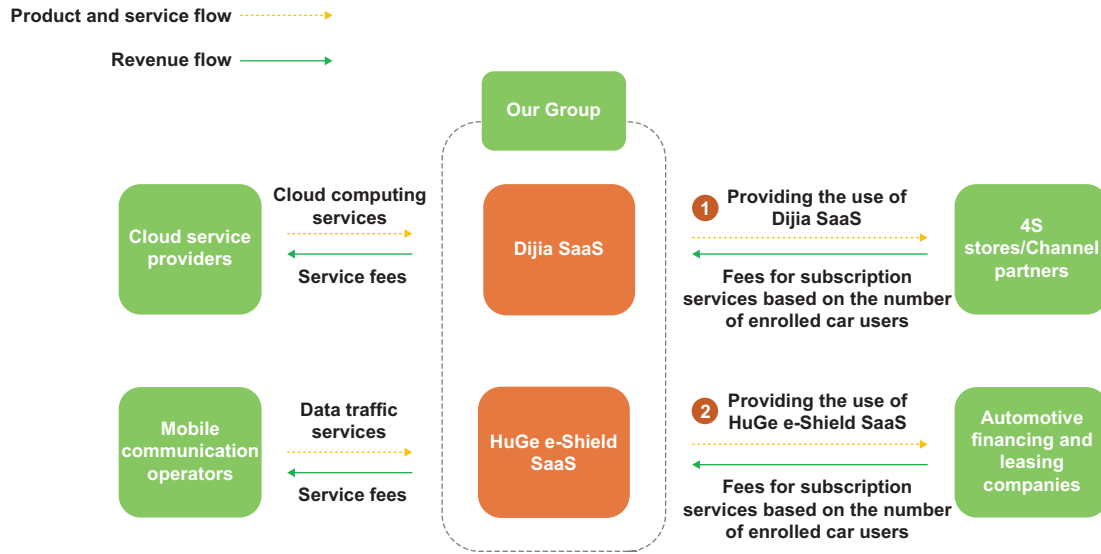
We launched our HuGe e-Shield SaaS targeting automotive financing and leasing companies to provide them with SaaS management of vehicle assets. With the growth of automotive financing and leasing business, these types of customers have an increasing demand for vehicle asset management products and services. Our HuGe e-Shield SaaS can help our customers improve their risk management capabilities during the process of loan monitoring and post-loan vehicle management, thereby effectively helping them to monitor the condition of vehicles under finance, improve the vehicle recall rate, and mitigating economic loss.

When offering our SaaS services, we are required to procure data traffic from telecommunications operators to ensure that our SaaS subscription services have the necessary and stable data networking coverage for the agreed-upon service period.

## BUSINESS

Our SaaS subscription services have implemented functionalities that are developed by our own research and development, with certain functionalities being provided by us through utilising third-party development toolkits that are based on open source architectures, such as the ability of WeCom to reach out to users and the ability of Gaode Maps to provide the HuGe e-Shield functionalities on vehicle location. We utilise WeChat SDK to provide the following functionalities: (i) WeChat login: apply the interface to get the login credentials. The credentials are then converted into the user’s login information, including the user’s unique identification in the mini programme, the unique identification under the WeChat open platform account (if the current mini programme has been connected to the account of the WeChat open platform) and the session key for the current login in order to complete the encryption communication with the back-end platform; (ii) Obtaining user authorisation information; and (iii) WeChat payment. We utilise the Gaode Maps SDK to provide the following functionalities: (i) conversion of addresses into latitude and longitude and the conversion of latitude and longitude into a detailed address used to identify the exact location of the vehicle; and (ii) marking vehicle location points.

The diagram below sets forth the business flow of our SaaS subscription services of SaaS marketing and management services during the Track Record Period:



## BUSINESS

The following table sets out a breakdown of revenue, gross profit and gross profit margin of our Dijia SaaS and HuGe e-Shield during the Track Record Period:

	FY2021			FY2022			FY2023		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB'000	RMB'000	%	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Dijia SaaS.....	114,399	49,811	43.5	108,465	42,266	39.0	113,908	42,302	37.1
HuGe e-Shield SaaS.....	27,114	11,664	43.0	21,805	9,759	44.8	20,617	9,292	45.1
<b>Total.....</b>	<b>141,513</b>	<b>61,475</b>	<b>43.4</b>	<b>130,270</b>	<b>52,025</b>	<b>39.9</b>	<b>134,525</b>	<b>51,594</b>	<b>38.4</b>

During the Track Record Period, our revenue and gross profit from SaaS subscription services experienced a decreasing trend mainly due to the following factors: (i) there was resurgence of COVID-19 in FY2022, which had caused the authorities to put in place, travel restrictions within China and city-wide lockdowns in several cities, which in-turn led to reduced demand for our SaaS marketing and management services from our 4S store customers. Consequently, the average revenue per active 4S store customers for Dijia SaaS decreased; and (ii) in 2022, we intensified our efforts to expand the Dijia SaaS business, including promoting member benefits services and acquiring new 4S store customers. Our average revenue and gross profit per active 4S store customer for Dijia SaaS also experienced a decline. This trend was primarily due to the new 4S store customers we only cooperated for less than a year, leading to a decrease in the average order volume, despite the significant increase in the number of new 4S store customers in 2022.

The following table sets out a breakdown of revenue of our SaaS subscription service by types of service during the Track Record Period:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
Leads services.....	105,657	92.4	87,976	81.1	73,636	64.6
Member benefits services.....	8,742	7.6	20,489	18.9	40,272	35.4
<b>Total.....</b>	<b>114,399</b>	<b>100.0</b>	<b>108,465</b>	<b>100.0</b>	<b>113,908</b>	<b>100.0</b>

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## BUSINESS

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During the Track Record Period, revenue generated from leads services was in a decreasing trend primarily attributable to: (i) shifting market dynamics, characterised by a rising penetration rate of new energy vehicles equipped with in-vehicle hardware products from the factory, resulting in a decrease in the hardware demand upon which our lead services connected to; (ii) alterations in the SaaS subscription product portfolio, with a gradual increase in revenue derived from member benefits services.

### *Dijia SaaS*

Dijia SaaS is our latest generation of SCRM products and services for our 4S store customers focusing on solving various pain points and deficiencies of these stores such as lack of digital customer reaching capacity in user operation and marketing, insufficient user stickiness, imprecise lead identification and low transaction conversion rate. The key feature of SCRM is to provide customers with faster and personalised services based on interactive bilateral relationships (i.e. social relationships), thus attracting and retaining more customers. In our Dijia SaaS, the staff of our 4S store customers uses the tools offered through Dijia SaaS to establish an interactive bilateral relationship through WeCom account of our 4S store customers and the car user's personal WeChat account, through which 4S stores would be able to provide fast and personalised service. The key capabilities available include (i) the user traffic reaching capability: through automated labelling management and automated marketing capabilities to achieve more efficient and accurate user acquisition, user base addition and conducting marketing; (ii) the active operation capability: through the operation of digital membership benefit system, achieving high-frequency interactions between users and 4S stores, increasing users' stickiness to store services, and ultimately achieving a high return rate of users; and (iii) the leads generation capability: through various means such as scenarios and data analysis, accurately identifying users' demands relating to their vehicle use and helping 4S stores to provide car users with products and services accurately.

Our Dijia SaaS improves the user operation and management efficiency of our customers' stores, and comprehensively enhanced the user satisfaction, activity rate and return rate to our customers' stores.



## BUSINESS

The table below sets out certain of our main metrics of our Dijia SaaS during the Track Record Period:

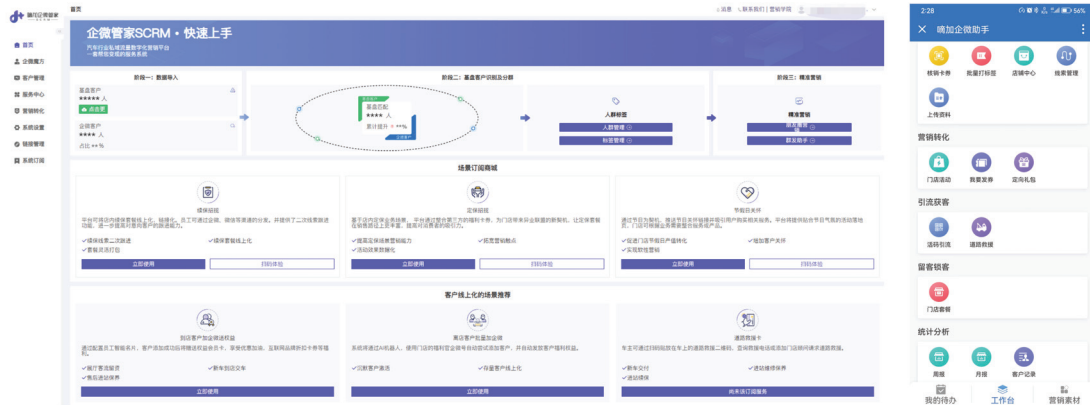
	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of active 4S store customers using our Dijia SaaS <sup>(1)</sup>	1,856	2,409	2,612
Retention rate of active 4S store customers using our Dijia SaaS <sup>(2)</sup>	100.0%	98.5%	95.6%
Revenue for Dijia SaaS (RMB'000)	114,399	108,465	113,908
Gross profit for Dijia SaaS (RMB'000)	49,811	42,266	42,302
Average revenue per active 4S store customer for Dijia SaaS <sup>(3)</sup> (RMB'000)	62	45	44
Average gross profit per active 4S store customer for Dijia SaaS <sup>(4)</sup> (RMB'000)	27	18	16
Gross profit margin of Dijia SaaS <sup>(5)</sup>	43.5%	39.0%	37.1%

*Notes:*

- (1) Number of active stores of Dijia SaaS represents the number of 4S store customers we provided Dijia SaaS to during the relevant year.
- (2) Retention rate of active stores of Dijia SaaS is calculated based on the number of overlapping active 4S store customers of Dijia SaaS of the relevant year divided by the active 4S store customers of Dijia SaaS of the previous year.
- (3) Average revenue per active 4S store customer for Dijia SaaS is calculated based on aggregate total revenue from 4S store customers for Dijia SaaS divided by the number of active 4S store customers of Dijia SaaS system and services of the relevant year.
- (4) Average gross profit per active 4S store customer for Dijia SaaS is calculated based on aggregate total gross profit from 4S store customers for Dijia SaaS system and services divided by the number of active 4S store customers of Dijia SaaS system and services of the relevant year.
- (5) Gross profit margin of Dijia SaaS is calculated based on aggregate total gross profit from 4S store customers for Dijia SaaS system and services for the year divided by the aggregate total revenue from 4S store customers for Dijia SaaS system and services for the year and multiplied by 100%.

## BUSINESS

The following is the screenshot of our Dijia SaaS interface.



(i) Achieving efficient user traffic reach

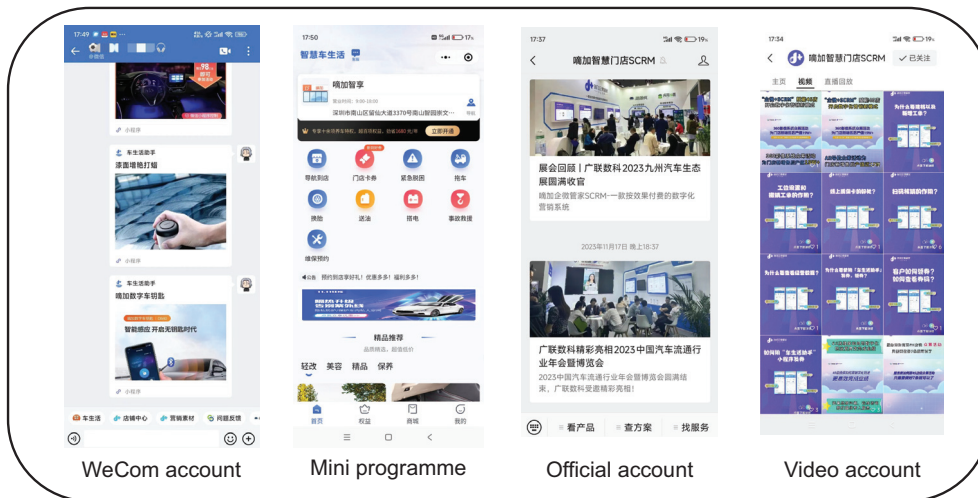
Generally, our 4S store customers face the following limitations in terms of reaching out to their car user customers: user management methods are too traditional, relying on manual data input or a single CRM system that could not synchronise into business operations on for their practical application scenarios in stores settings; lack of user portraits, or dimensions of user portraits are too singular to provide a multi-dimensional personalised depiction of users; solely relying on traditional communication means such as telephones and text messages. The development of Dijia SaaS aims to help establish direct and multi-dimensional channels of reaching out to car users by addressing the above limitations to achieve efficient management of users online, automated customer labelling, management of customers by group and marketing SOP, thereby improving user management efficiency and customer satisfaction in 4S stores. Based on different marketing needs of 4S stores, our 4S store customers generally will input the data of their car user customers into our Dijia SaaS system, and their sales and marketing staff will reach out to their car user customers using different marketing SOPs. Our 4S store customers will then label their car user customers by group based on the vehicle information and consumption records to facilitate them to define the types of car users and understand the needs of their car user customers.



## BUSINESS

(a) Rich means to reach out to car users

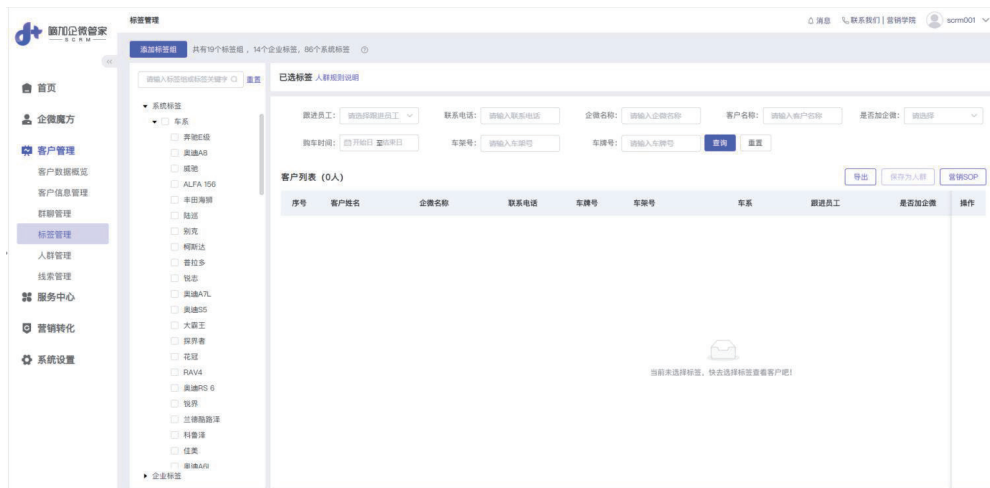
Dijia SaaS supports a strategy-rich user reaching matrix based on the WeChat ecology, covering WeCom accounts, mini programmes, official accounts, video accounts, etc. From the different means available to reach out to car users, our 4S store customers can adopt different strategies to bring user online and achieve user retention, such as adding users into the WeChat ecology through marketing content, which help to improve their ability to reach users. After adding their car user customers' WeChat contact through WeCom under the WeChat ecology, 4S stores may use the mini programme in WeChat provided by Dijia SaaS which we produced by paying an one-off certification fee to create online marketing contents and reach out to car users through WeCom (without the need to install any APP or relying on any other third party platform for such services), and their car user customers can purchase the products and/or services online when receive the marketing contents delivered by 4S stores. They may also reach out their car user customers by sharing the contents in our WeChat official account and WeChat video account to them for marketing purpose. The following are the screenshots of our Dijia SaaS which offers different means to reach out to car users:



## BUSINESS

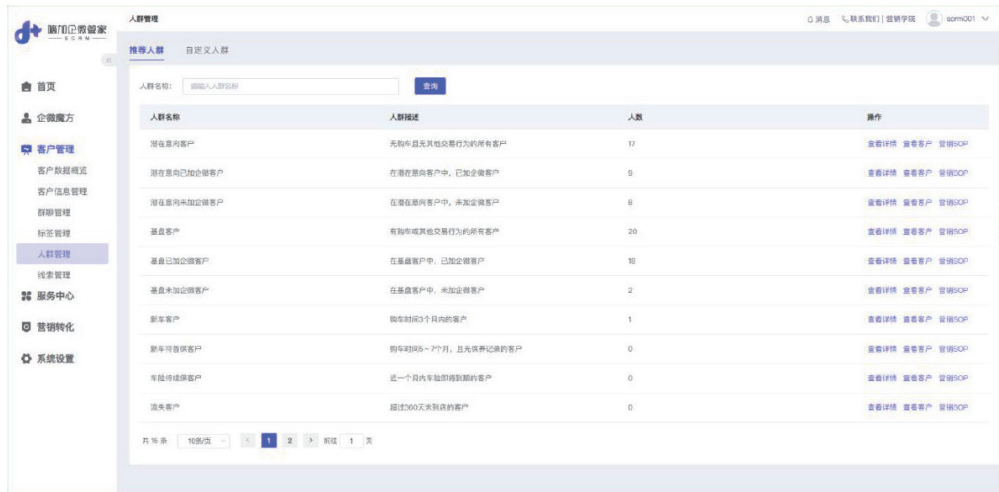
- (b) Customer reaching solutions: marketing automation based on multi-scenarios in the automotive aftermarket industry

*Automated management of user labelling.* User labels are sets of classification labels created by our 4S store customers based on user information that they possess, such as vehicle information and consumption history, which make it convenient for stores to define user types, understand users' needs, and making it easy for our customers' stores to follow up with users for targeted and precise marketing. Dijia SaaS automatically generates relevant user labels based on user data, and is capable of managing users by group through these labels, and subsequently formulates different marketing strategies for different user groups for group marketing drives and marketing push. The following is the screenshot of automated management of user labelling module under Dijia SaaS system:

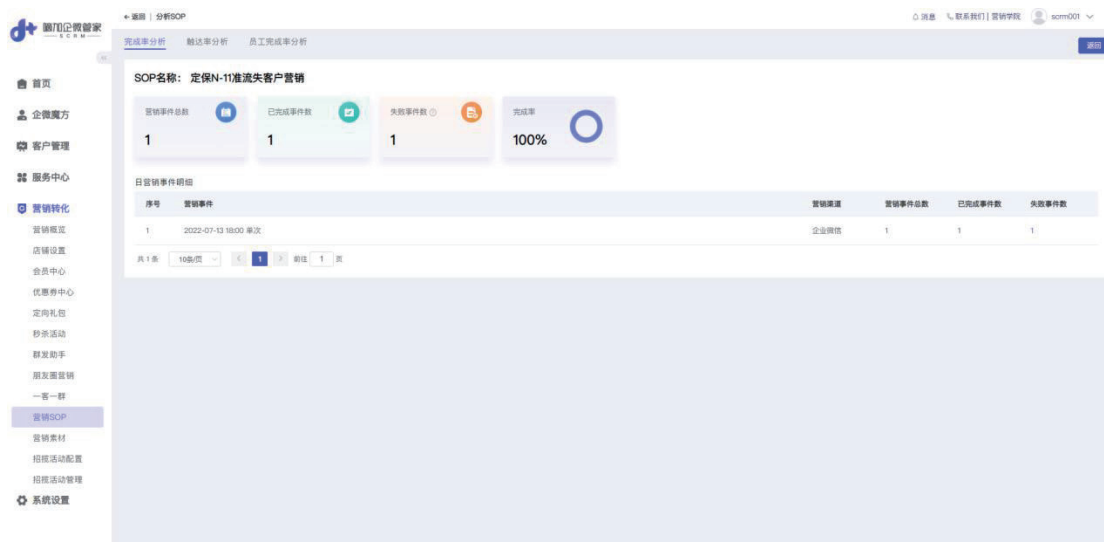


## BUSINESS

*Management of users by group.* Management of users by group is to achieve the purpose of realising targeted and precise marketing to specific user groups based on common business scenarios. Based on a large number of customer labelling, our 4S store customers select targeted user groups through allowing them to freely multi-select the appropriate customer labels to accurately identify the targeted customer profiles, which are based on the different needs of car users along the periods of use of vehicle and the business scenarios applicable to these life-cycle stages, thus laying the foundation for formulating appropriate marketing strategies to be applied towards the subsequent precise marketing of different groups of users. The following is the screenshot of management of users by group module under Dijia SaaS system:



*Diversified and precise marketing push.* Based on the filtered target user groups, our 4S store customers can pre-set the timing for triggering marketing SOP push, the marketing events and strategic content through our Dijia SaaS, and complete the push and collection of leads such as sending out maintenance reminders, cultivation of new users, sales, customer care and activation of inactive customers. The following is the screenshot of diversified and precise marketing push module under Dijia SaaS system:



## BUSINESS

*Marketing effectiveness monitoring.* Meanwhile, by virtue of automating the sales process, our 4S store customers can also monitor the effectiveness of marketing initiatives. Taking regular maintenance service promotion marketing push as an example, after the targeted potential customers having been identified through filtering and also through applying the appropriate labels, and after applying marketing push on the selected targets, our system would be able to display the post-event outcome of the marketing push. The following are the screenshots of marketing effectiveness monitoring module under Dijia SaaS:



“Reach statistics” keeps track on statistics on the effectiveness of marketing push

The system shows whether the “marketing push has delivered to the users” the statistics about if the push notification is “delivered or not”

For “delivered” marketing push, the system can keep track of the statistics on whether it has been “read”, “redeemed”, “reached the store”

In addition, through the marketing tools offered by our Dijia SaaS, such as the group sending assistant that can send group messages to users, one group serving one customer service, managing marketing campaigns, and marketing through WeChat Moments, making the marketing work of our 4S store customers easier.

### (c) Example on reaching out to customers: regular maintenance solicitation

Using the solicitation of regular maintenance services of car users as an example, our Dijia SaaS offers the linkage among the various steps of individual customer management functions such as user identification (regular maintenance label generation), grouping (regular maintenance group grouping), marketing push (regular maintenance group precise marketing) and effect monitoring (push result feedback). Through the transformation of the digital marketing system, the regular maintenance solicitation of car users has become more efficient, low-cost and results becoming measurable.

## BUSINESS

The main process of our regular maintenance solicitation is as follows:



(i) User identification (regular maintenance label generation)  
 (ii) Management of users by group (regular maintenance group grouping)  
 (iii) Marketing push (regular maintenance group precise marketing)  
 (iv) Effect monitoring (push result feedback)

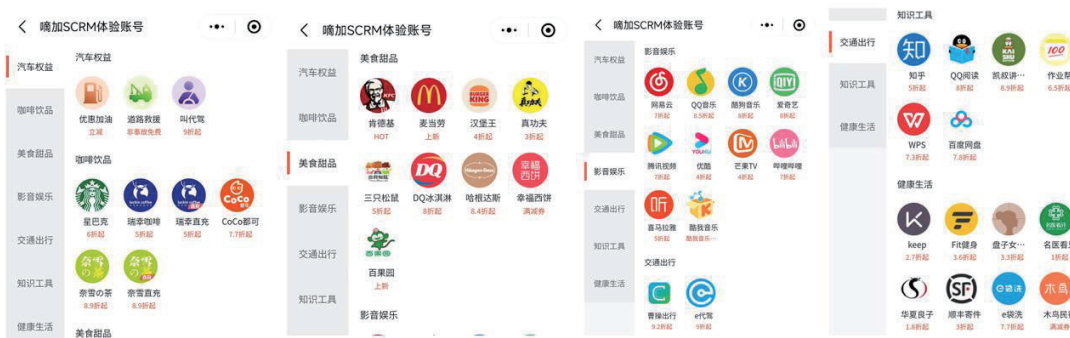
- (i) User identification: For the customer group to be solicited for regular maintenance, the regular maintenance labels N-3/N-6/N-9 (i.e. the customers who have not returned to the store for maintenance in the previous 3/6/9 months) is placed in different categories of car users according to their last regular maintenance visit.
  - (ii) Grouping: Potential car users needing maintenance services are grouped by the combination of regular maintenance labels and other labels (such as age/gender/vehicle model) to facilitate the formulation of different regular maintenance programs.
  - (iii) Marketing push: After grouping the regular maintenance car users, formulate precise marketing push strategy and promotion campaigns for different group of car users.
  - (iv) Marketing results monitoring: Our system analyses the marketing results at different stages of a promotion campaign and in the process optimising the marketing strategy.
- (ii) Member benefits services – enabling activation of car users who are members of 4S stores through offering member benefits.

## BUSINESS

Taking into account the difficulties faced by 4S stores, such as the lack of means to keep in touch and maintaining activities with car users, member benefits management not being completely digitised, limitation of resources for individual 4S stores, and car users not being active in their interactions with the 4S stores, our Dijia SaaS assists our 4S store customers to digitalise these processes and improve the interactions between 4S store customers and their car user customers. Our Dijia SaaS offers member benefits to car user customers of our 4S store customers through high-frequency car life benefits, low-frequency car maintenance benefits and customised benefits by 4S stores.

*High-frequency car life benefits.* High-frequency car life benefits include benefits such as refueling, road-side rescue, catering, entertainment, travel, which would not only enable car users to enjoy more value-added services and more cost-effective benefits, but also promote user activation by tapping into the unmet needs of car users and car life-related scenarios through Dijia SaaS. We generally cooperate with third parties platforms that provide us with API interfaces to offer high-frequency car life benefits.

The following are the screenshots of high-frequency car life benefits that are offered under our Dijia SaaS:



*Low-frequency car maintenance benefits.* The low-frequency car maintenance benefits include tyre replacement, vehicle touch-up, glass window solar film replacement, and key and license plate replacement. The 4S stores can combine different benefits into packages and sell them to car users, which enhance the relationship between 4S store customers and their car user customers, laying a foundation for the continuous user interaction among themselves. We are insured by an insurance company for the provision of car maintenance benefits and the cost of car maintenance service will be borne by the insurance company.



## BUSINESS

The table below sets forth some of the low-frequency car maintenance benefits our Dijia SaaS offers:

Benefits items	Services available
Tyre replacement service	Tyre replacement service after blowout, bulging or cracking occurs during normal driving of a vehicle
Accident repair service	Repairing a vehicle after loss notice of an accident
Key and plate reset service	Resetting the key and plate when missing
Glass solar film replacement service	Replacing the damaged solar film of a vehicle due to broken glass
Vehicle refinishing service	Refinishing a vehicle for the paint loss in its body due to a scratch without sharp collision

*Customised benefits by 4S store customers.* Customised benefits services by 4S store customers include car washing, four-wheel positioning, car maintenance. 4S stores directly provide services to the car users according to the benefits package purchased online after verifying and using the sold package in the back-end of the system to form a record online, realising automatic data flow and generating a report in real time, thereby facilitating our 4S store customers to resolve its pain points such as limited delivery scenarios, difficult to keep track of the purchased packages, and difficulties in generating data on verifying the usage of purchased packages. The following is a screenshot of the interface of the module of customised benefits of our 4S store customers.



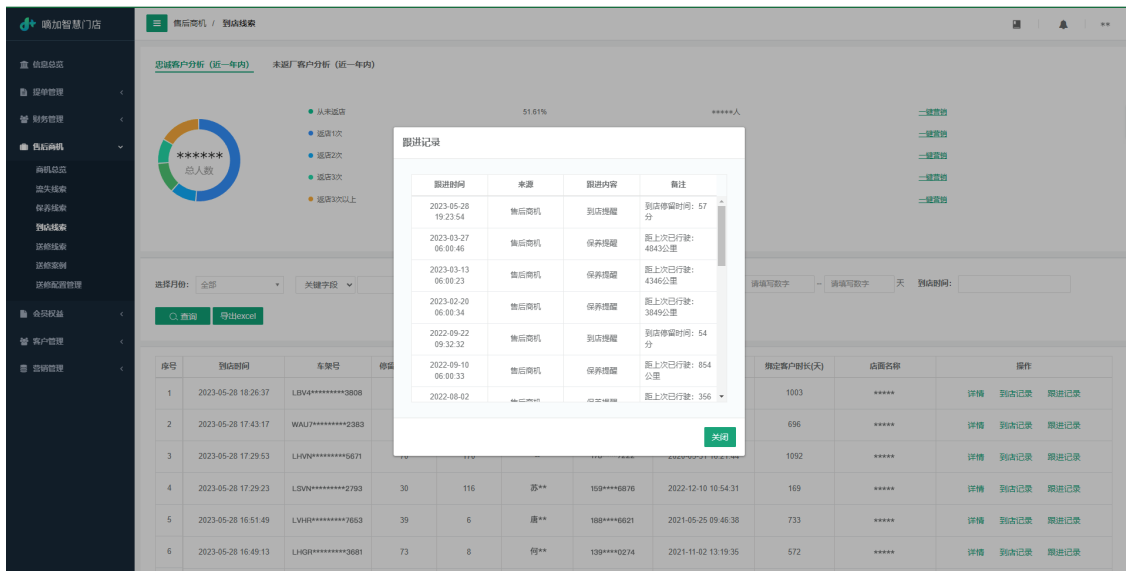
## BUSINESS

### (iii) Leads services – enabling generation of sales leads

We have developed diversified leads services in our Dijia SaaS, including in-store leads, repair leads, and renewal leads. These leads can help our 4S store customers to gain more accurate and effective business opportunities.

#### (a) In-store leads

Based on information such as user’s mileage (user login or provided by in-vehicle hardware), consumption frequency and amount, last visiting hours and service items, and by leveraging algorithms such as our enhanced RFM model (a model which analyses the marketing value of a user base on different dimensions such as interval and frequency of reaching the 4S store and the amount spent), we help 4S store customers identify users in need of services such as maintenance, renewal, customer loss prevention solicitation efforts more accurately, and generate targeted and timely reminders to facilitate users to revisit the store for services. The following is a screenshot of the interface of our in-store leads service, which targets to improve car users’ return rate to 4S stores:



## BUSINESS

### (b) Repair leads

We can assess and determine whether a user has a suspected collision through the in-vehicle hardware sold to the car users in the 4S stores. In the event of a suspected collision, we assist our 4S store customers to confirm with car users whether there is a collision and whether timely road rescue and repair services are required, so as to help our 4S store customers better serve their car user customers. The following is a screenshot of the interface of our repair leads service:



Our 4S store customers can also generate roadside assistance codes (QR codes) through the Dijia SaaS and provide them to their car user customers. When a car user encounters a scratch or a collision, he/she can scan the roadside assistance code and contact our 4S store customers to receive repair service in a timely manner.

### (c) Insurance renewal leads

Based on various variables such as user mileage (entered by users or provided by in-vehicle hardware) and our proprietary algorithms, our Dijia SaaS assist 4S stores customers in selecting high quality customers for auto insurance renewal, obtaining more repair information and reducing insurance claim.

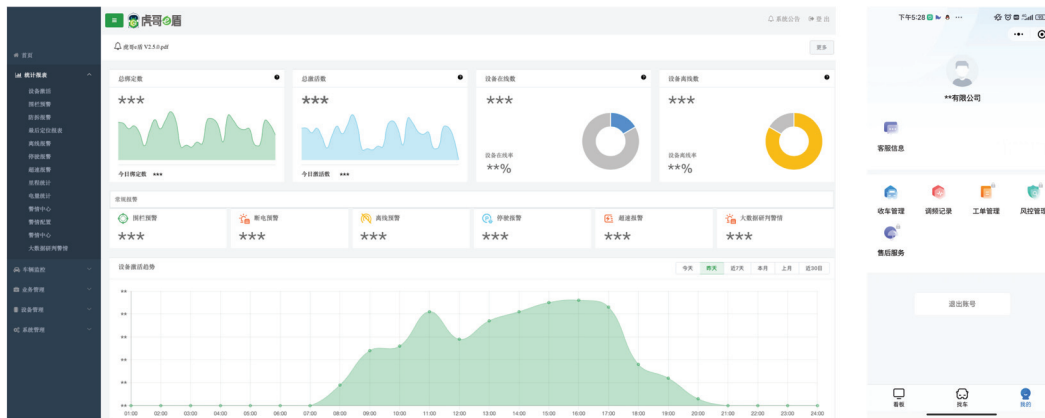
## BUSINESS

### HuGe e-Shield SaaS

Financial leasing has developed into an important way for consumers to satisfy their needs for travelling services. The security management of vehicle assets is of great importance to automotive finance and leasing companies during their provision of auto services to consumers.

Based on the needs of automotive finance and leasing companies for asset safety supervision, we developed our HuGe e-Shield SaaS to provide our automotive financing and leasing company customers with vehicle asset management services such as in-loan monitoring and post-loan vehicle management to help customers achieve effective supervision over their vehicle assets, increase vehicle recovery rate, and mitigate economic losses.

The following is the screenshot of our HuGe e-Shield SaaS interface:



The services provided by our HuGe e-Shield SaaS mainly include:

- Vehicle risk control warning leads services, such as location tracking, anti-tamper warning, anti-theft alarm, stop warning, offline warning and speeding alarm, which conduct calculation in the system based on the leads data reported by in-vehicle devices, provide accurate information of leads analysis (e.g. different types of warnings or alarms) and guide our automotive financing and leasing company customers to deal with the vehicle risk.
- Vehicle classification services which classify vehicles under management into different levels of risk (from level I to level V) based on the status of the in-vehicle devices attached to the vehicle and the historical driving behaviour and trajectory of the vehicle, and the lower the level, the higher the risk, which allows customers to deploy manpower to focus on vehicles with higher risk levels to reduce operating costs.

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## BUSINESS

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Our HuGe e-Shield SaaS customers provide the vehicle data of car users to us through the API system and we collect the vehicle position data through the HuGe e-Shield device installed in the vehicles of car users. We are able to digitalise the vehicle asset management process of automotive aftermarket customers through import of data into HuGe e-Shield system in the following manner: The work order of our financing and leasing company customers will upload the corresponding car user information and vehicle information to HuGe e-Shield system through API system after generating the order.

In addition, HuGe e-Shield system will arrange technicians to install and activate the equipment on-line after receiving the information and upload the corresponding equipment installation information to the work order system of our financing and leasing company customers. Our automotive financing and leasing company customers can then supervise the vehicles of the car users they serve through the mini programme supplied by us.

During the Track Record Period, we cooperated with over 400 automotive financing and leasing companies to provide our SaaS management services.

### *Fee model of our SaaS subscription services*

During the Track Record Period, our Dijia SaaS and HuGe e-Shield SaaS subscription fees were charged on the basis of the actual number of enrolled and activated car users. For our Dijia SaaS, when our 4S store customer sells devices or services to the car user, the 4S store customer synchronously uploads the information of car user's vehicle, information of the device or the service package to our Dijia SaaS system (i.e. "enrollment"), and Dijia SaaS system activates the corresponding services of Dijia SaaS to the 4S store customer when it receives the enrollment information uploaded by the 4S store customer (i.e. "activation"). For our HuGe e-Shield SaaS, before delivering the vehicle to the car user, our automotive financing and leasing company customer synchronously uploads the vehicle information to our HuGe e-Shield system (i.e. "enrollment"), and HuGe e-Shield SaaS system activates the corresponding services of HuGe e-Shield SaaS to the automotive financing and leasing company customer when it receives uploaded the enrollment information (i.e. "activation").

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## BUSINESS

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The table below sets forth the ranges of the annual subscription fees per enrolled and activated car user that we charge for our customers under Dijia SaaS and HuGe e-Shield SaaS during the Track Record Period.

	<b>Annual subscription fee range per enrolled and activated car user (RMB)</b>
<b>Dijia SaaS</b> <i>(Note)</i>	
Dijia SaaS system + Leads services	100 – 290
Dijia SaaS system + Member benefits services	124 – 332
<b>HuGe e-Shield SaaS</b>	
HuGe e-Shield SaaS system and services	230 – 332

*Note:* We generally charged our customers for leads services and/or member benefits services on the basis of actual number of car users who use a particular type of service, but we do not generally charge annual subscription fees for access to the system or other functions of Dijia SaaS.

For our Dijia SaaS, our subscription fee charges are based on the subscribed packages of leads services and/or member benefits services, and our pricing strategy would be primarily based on (i) composition of our product and service packages:– For leads services that work in conjunction with required in-vehicle hardware, we varied the pricing depending on the type and specifications of the in-vehicle hardware; and for member benefits services, we varied our pricing depending on the types of benefits included in the benefits package, i.e. single benefit versus combined benefits; (ii) duration of service:– the duration of service for our subscription-based Dijia SaaS is typically one or three years, and we varied our pricing depending on the duration of subscription; and (iii) our sales model:– we differentiated our pricing for direct sales and sales through channel partners by taking into account the different cost components for different sales channels. For example, under the direct sales model, some of our customers require us to provide services such as installation of in-vehicle hardware, and such installation maybe done by our channel partners when we sell these subscriptions through them would not be required for sales through our channel partners.

For our HuGe e-Shield SaaS, our pricing strategy was primarily based on (i) our service specifications:– we varied our pricing depending on the specifications of the service; (ii) duration of service:– the duration for our HuGe e-Shield SaaS was typically one or three years, and our pricing varied depending on the duration of subscription; and (iii) service content:– for example, some of our financing and leasing company customers required us to provide additional services such as in-vehicle hardware installation, for which we would levy additional charges.

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## BUSINESS

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In addition to the above factors, our pricings for Dijia SaaS and HuGe e-Shield SaaS have also taken into account the market price and a reasonable profit mark-up. The actual price was determined through commercial negotiation with the specific customers. For further details, see “Business—Sales and Marketing—Pricing Policy”.

### ***SaaS value-added services***

Leveraging on our SaaS subscription services offered to our 4S store customers, we commenced to offer SaaS value-added services to our 4S store customers in March 2021.

Through our customer’s feedback, we are aware of there being many unmet needs of car users within the periods of use of vehicle under the traditional business model of 4S stores, such as new car owners’ needs for auto decoration products and services, and the needs of car users who no longer have interactions with 4S stores on their needs for auto insurance renewal. For 4S store customers, we understand that auto decoration products and services are not their primary focus. Therefore, instead of directly investing in product procurement, online and offline marketing, technician training, and after-sales service resources, they find it more cost-effective to provide customer traffic to us and have us facilitate transactions, allowing them to generate additional revenue without extra resource allocation.

Compared to our 4S store customers, we offer advantages across various aspects:

- Online and offline marketing capability: our Dijia SaaS system delivers a suite of online marketing functionalities, including user insight analysis, engagement tools, and transaction conversion facilitation. It enables tailored marketing strategies and professional content creation. Moreover, our offline marketing team is equipped with product expertise to enhance transaction conversion rates;
- Comprehensive product: we integrate a diverse range of light auto decoration products, primarily focusing on car solar films, and we also provide products such as paint protection films and car interior ambient lighting. While these products are not the primary focus of 4S stores, they complement the primary focus of 4S stores which is mainly centred around vehicle sales and maintenance; and
- Product installation and delivery capability: we outsource skilled installation technicians to execute auto decoration product installations and offer after-sales support for 4S store customers’ car users customers.

In view of the above, we provided car users with auto decoration products and services through the user traffic provided by our 4S store customers during the Track Record Period. At the same time, through the Dijia SaaS, we provide our 4S store customers with online and offline integrated marketing services with user insights through customers’ feedback, business scenario discovery and product selection services that meet the individual needs of car users.

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## BUSINESS

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During the Track Record Period, our SaaS value-added services were mainly auto decoration products and related installation services provided to car users such as car solar film, representing over 90% of our revenue from auto decoration products and services business for each year during the Track Record Period. We also provided body paint protective film and car interior ambient lighting products which cater to diverse customer needs in enhancing vehicle aesthetics and functionality. The 4S store sales representatives generally leverage Dijia SaaS system to send electronic vouchers for auto decoration products and services to car users and they can categorise car users through Dijia SaaS system, creating user profiles for targeted marketing strategies. When the offline marketing personnel receive the order from the car users, we will arrange technicians to carry out the offline installation of auto decoration products. We purchase auto decoration products from selected suppliers following our procurement policies of in-vehicle hardware products and raw materials.

Our online and offline integrated marketing services to our 4S store customers include the implementation of various online and offline integrated marketing conversion operation services such as helping 4S store customers with creating marketing content such as group purchasing, product recommendations, live streaming, offline display of products, offline experience marketing, so as to help our 4S store customers accurately match user tags with car users for marketing activities and realise the conversion of private-domain user traffic into actual transactions.

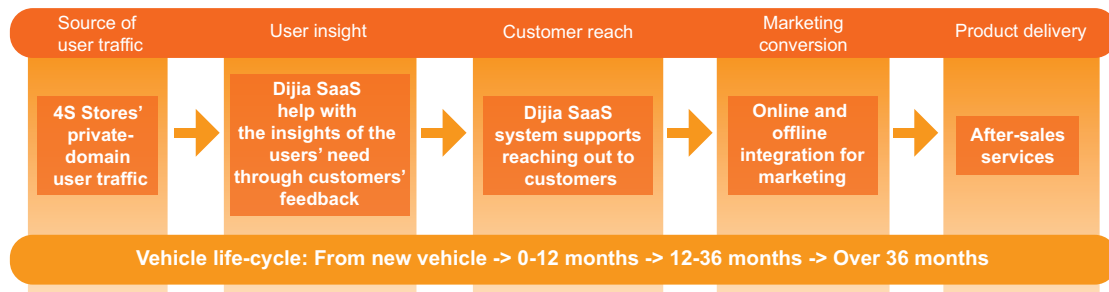
We are also continuously expanding our SaaS value-added services to different business scenarios to meet the evolving needs of our 4S store customers and car user customers. In the second half of 2023, we also commenced cooperation with an NEV OEM to assist its NEV 4S stores with an aim to improving the conversion rates of extended warranty sales for these NEV 4S stores. We generated revenue of RMB3.7 million from such business scenario for the year ended 31 December 2023.

The integration of our Dijia SaaS system further amplifies our revenue generation capabilities. Our Dijia SaaS system serves as a comprehensive platform for our 4S store customers, facilitating seamless transactions and enhancing customer engagement. Key functionalities include: (i) transaction facilitation:– the Dijia SaaS system enables efficient handling of transactions, including electronic voucher distribution, verification, and access to product information and pricing; (ii) user profiling and targeted marketing:– salespersons of 4S stores can create user profiles and implement targeted marketing strategies based on user preferences and behaviour captured through the system; (iii) real-time insights:– our 4S store customers can generate personalised sales reports and access real-time insights into transaction conversions, aiding in decision-making and team management; and (iv) order and user traffic analysis:– detailed information on orders and user traffic acquisition fees is available through the system, providing valuable analytics for optimising sales strategies.



## BUSINESS

As such, our SaaS value-added services would not only meet the needs of car users, but also help our 4S store customers enter into new transactions and increase their revenue, and helping them with achieving high user stickiness through SaaS subscription services and achieving success in SaaS value-added services. The following chart shows how the SaaS marketing services can help 4S store customers cover the value process of the periods of use of vehicle:



The business process of auto decoration products and services is as follows:

### (1) Source and engagement of car users

Our auto decoration products and services target new car users from 4S stores. During the delivery of new vehicles, sales representatives at 4S stores recommend related auto decoration products through our Dijia SaaS system and guide them to designated locations which are mainly within 4S stores for product experiences.

4S store sales representatives leverage Dijia SaaS system to send electronic vouchers for auto decoration products and services to car users. Additionally, sales representatives can categorise car users through Dijia SaaS system, creating user profiles for targeted marketing strategies.

### (2) On-site experience for car users

We offer designated locations for product experiences, marketing, and installation services, typically within 4S stores. However, in areas with a high concentration of 4S stores, we generally rent a dedicated area near these 4S stores to offer installation services. As at 31 December 2023, we rent five dedicated areas near the 4S stores for offering installation services. This allows us to enhance our brand presence and making it more convenient for customers to access our installation services for auto decoration products.

Upon receiving information through Dijia SaaS system, 4S store sales representatives schedule appointments with car users for on-site experiences. At the service store, our marketing personnel or the marketing representatives we outsourced from marketing service providers stationed in those designated locations display and demonstrate decoration products, explaining product functionalities to car users to facilitate transactions.

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## BUSINESS

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(3) Payment by car users

After expressing intention through our marketing efforts, car users confirm the type of products to be installed on the vehicle and pay us for corresponding products and services. This can be done through various channels, including POS terminals or via mobile payment apps.

(4) Product installation

We provide installation services of the auto decoration products we procured from our suppliers. Typically, we delegate product installation services to service providers to complete delivery. Product installation services are delegated to experienced installation service providers, proficient in aftermarket car customer service, marketing, and delivery related to automotive services. For further details of installation service providers, please refer to the paragraphs headed "Outsourced Warehouse Management and Installation Service Arrangements" in this section.

(5) Settlement and transaction result statistics and inquiry

The day following the transaction completion, we conduct settlements with 4S stores at the agreed-upon ratio through Dijia SaaS system.

4S store customers can access personalised sales reports via Dijia SaaS system, aiding internal sales personnel in real-time transaction understanding, motivation, and team management. 4S store customers can also log in to inquire further information about their store's orders and revenue details from traffic user sharing.

Set out below is the business process in providing online and offline integrated marketing services:

(1) Customer selection and product customisation

Our 4S store customers, through our Dijia SaaS, identify the target car user group and suitable products they offer accordingly to meet the specific needs of their car user customers.

(2) Marketing strategy development and content creation

We collaborate with our 4S store customers to devise personalised marketing strategies. This involves creating specialised content such as graphics, videos, and live streaming events tailored for various promotional activities like flash sales and group purchasing campaign.

## BUSINESS

### (3) Content distribution

Leveraging our Dijia SaaS, our 4S store customers disseminate the curated marketing contents to their car user customers across multiple channels including WeCom, mini programmes, official accounts and SMS messages. The goal is to entice them to either visit the physical 4S stores or make online purchases.

### (4) Offline transaction facilitation

Upon the car users' visits to our customers' 4S stores, we facilitate the transaction process offline for 4S stores to sell their products. This involves providing personalised assistance and guidance to the 4S store customers, ensuring a smooth and satisfactory purchasing experience.

### (5) Performance evaluation

Our Dijia SaaS system enables our 4S store customers to monitor and evaluate the effectiveness of their marketing campaigns. They can assess the impact of our online and offline integrated marketing services on customer engagement and transaction outcomes, and consider utilising our Dijia SaaS system for future marketing campaigns.

Set out below is an example of a group purchasing campaign offered on our online and offline integrated marketing services:



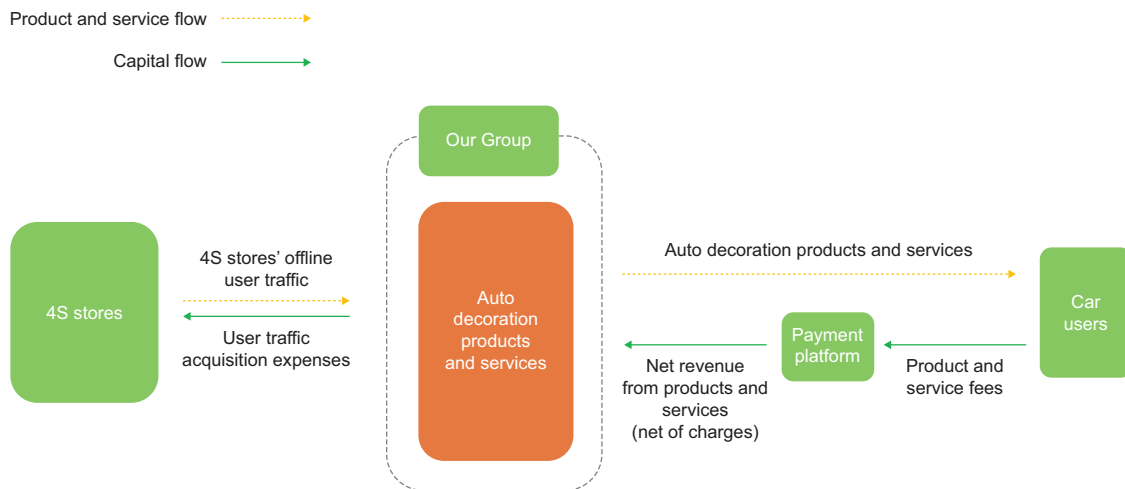
- (i) We provide selected products for 4S store customers through Dijia SaaS
- (ii) We produce marketing content, and stores reach out to car owners through Dijia SaaS for marketing content push
- (iii) Car users receive links and place an order online
- (iv) Car users visit the store to settle the payment and accept the delivery of products
- (v) The 4S store reviews marketing effect and transaction details through Dijia SaaS
- (vi) The 4S store can apply for another activities under other categories through Dijia SaaS

## BUSINESS

For the year ended 31 December 2021, 2022 and 2023, we provided SaaS value-added services to 112, 667 and 1,429 4S stores, respectively.

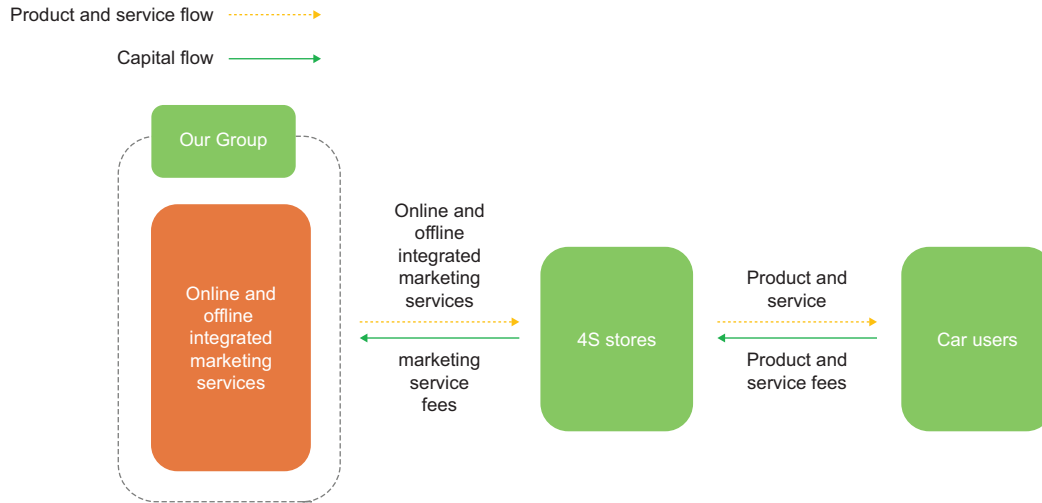
We receive fees from car users through providing auto decoration products and services, and then we pay user traffic acquisition fees to our 4S store customers for user traffic from their private domain. We also receive fees from our 4S store customers for providing them with online and offline integrated marketing services. During the Track Record Period, the fees for auto decoration products and services typically ranged from RMB1,000 to RMB4,000. The fees for online and offline integrated marketing services we provided to our 4S store customers typically ranged from RMB160 to RMB230 per transaction in the marketing campaigns and the fees we received for online and offline integrated marketing services we provided to NEV 4S store customers typically ranged from approximately RMB4,300 to RMB11,000 during the Track Record Period. Additionally, the fees we paid for the user acquisition generally ranged from RMB250 to RMB1,200 per transaction during the Track Record Period. We typically receive or pay the fees upon completion of the service.

The following diagram shows the business flow of our auto decoration products and services under our SaaS value-added services of SaaS marketing and management services during the Track Record Period:



## BUSINESS

The following diagram shows the business flow of our online and offline integrated marketing services under SaaS value-added services of SaaS marketing and management services during the Track Record Period:



The table below sets out our main operating metrics of our SaaS value-added services during the Track Record Period:

	<b>For the year ended 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of active 4S store customers of SaaS value-added services <sup>(1)</sup>	112	667	1,429
Revenue for SaaS value-added services (RMB'000)	9,314	110,918	199,946
Gross profit for SaaS value-added services (RMB'000)	6,678	87,154	159,794
Average revenue per 4S store customer for SaaS value-added services <sup>(2)</sup> (RMB'000)	83	166	140
Average gross profit per 4S store customer for SaaS value-added services <sup>(3)</sup> (RMB'000)	60	131	112
Gross profit margin of SaaS value-added services <sup>(4)</sup>	71.7%	78.6%	79.9%

**Notes:**

- (1) Number of active 4S store customers of SaaS value-added services represents the number of 4S store customers we provided SaaS value-added services to during the relevant year.
- (2) Average revenue per 4S store customer for SaaS value-added services is calculated based on revenue from 4S store customers for SaaS value-added services divided by the number of active 4S store customers of SaaS value-added services of the relevant year.

## BUSINESS

- (3) Average gross profit per 4S store customer for SaaS value-added services is calculated based on gross profit from 4S store customers for SaaS value-added services divided by the number of active 4S store customers of SaaS value-added services of the relevant year.
- (4) Gross profit margin of SaaS value-added services is calculated based on gross profit for SaaS value-added services of the relevant year divided by the revenue for SaaS value-added services for the year and multiplied by 100%.

The table below sets out our main operating metrics of our auto decoration products and services during the Track Record Period:

	For the year ended 31 December		
	2021	2022	2023
Number of active 4S store customers of auto decoration products and services . . . .	112	322	631
Revenue for auto decoration products and services (RMB'000) . . . . .	9,314	101,840	176,827
Order number of Revenue for auto decoration products and services . . . . .	8,813	50,510	88,821
Average revenue per 4S store customer for auto decoration products and services (RMB'000) . . . . .	83	316	280
Average order value for auto decoration products and services (RMB) . . . . .	1,057	2,016	1,991
Average order number per 4S store customer for auto decoration products and services . .	79	157	141

The following table sets out a breakdown of revenue of SaaS value-added services by nature during the Track Record Period:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
Auto decoration products and services . . . . .	9,314	100.0	101,840	91.8	176,827	88.4
Online and offline integrated marketing services . . . . .	–	0.0	9,078	8.2	23,119	11.6
<b>Total . . . . .</b>	<b>9,314</b>	<b>100.0</b>	<b>110,918</b>	<b>100.0</b>	<b>199,946</b>	<b>100.0</b>

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## BUSINESS

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During the Track Record Period, revenue from our SaaS value-added services increased mainly due to significant growth in revenue from auto decoration products and services which was attributed to (i) continuous growth in market demand. According to the CIC Report, the market size of SaaS value-added services in China grew at a CAGR of 200.4% between 2019 and 2023 and reached RMB1.3 billion in 2023. Such growth in market demand led to an increase of order number from 8,813 for FY2021 to 50,510 for FY2022, and further to 88,821 for FY2023. This was facilitated by the functionality and capabilities of our Dijia SaaS system, which played a crucial role in driving the growth of our auto decoration business, enhancing customer engagement, and expanding our market reach during the Track Record Period; (ii) expansion of our service product range to meet customer needs more comprehensively; (iii) our increased sales efforts to promote our auto decoration products and services, with a strategic focus on targeting 4S store customers. This resulted in the number of active 4S store customers of auto decoration products and services increasing from 322 during the year ended 31 December 2022 to 631 during the year ended 31 December 2023; and (iv) our expansion in the geographical scope of our presence in 4S stores across China, especially in Sichuan province, Chongqing city, and Shandong province, with active 4S store customers increasing from 56, 46, and 45 in FY2022 to 84,56 and 89 in FY2023, respectively, enabling our direct sales teams to support regional sales and expanding our sales network and customer base.

### *Fee model of our SaaS value-added services*

Our SaaS value-added online and offline integrated marketing services generate revenue by helping our 4S store customers enter into new business transaction with car users and charging marketing fee for each transaction. We use our SaaS system to track the entire order process, an order is generated in the system when the car user pays a deposit, and the order status will be changed to completed after the product or service is delivered to the car user and the car user completes payment. Based on the number of orders with the completed status, we reconcile and settle with our 4S store customers on the basis of the marketing service fee quoted in each contract. During the Track Record Period, the fees for online and offline integrated marketing services we provided to our 4S store customers typically ranged from RMB160 to RMB230 per transaction in the marketing campaigns and the fees we received for online and offline integrated marketing services we provided to NEV 4S store customers typically ranged from approximately RMB4,300 to RMB11,000 per transaction.

### **Sales of e-cigarettes in 2021 and 2022**

We had previously engaged in e-cigarette sales from May 2021 to December 2022, but such sales had ceased after December 2022. Our total revenue from such sales amounted to approximately RMB250,000, comprising approximately RMB171,300 generated in FY2021 and RMB79,400 generated in FY2022, accounted for approximately 0.05% and 0.02% of our total revenue in FY2021 and FY2022, respectively.

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## BUSINESS

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According to applicable PRC laws and regulations, including the Notice on Strengthening the Supervision of Electronic Cigarettes issued by the State Tobacco Monopoly Administration, entities were granted a grace period until 30 September 2022 to engage in the sales of e-cigarettes without a license, and from 1 October 2022, entities were required to obtain the requisite license to continue the sale of e-cigarettes. According to Regulation on the Implementation of the Law of the People's Republic of China on Tobacco Monopoly (2023 Revision), for cases that handle retail sale of tobacco products without tobacco patent retail sales licenses, administration for industry and commerce or administrative departments in charge of tobacco monopoly, according to the opinion of administration for industry and commerce, shall order them to stop their retail sales businesses, confiscate all the illegal proceeds and impose a fine amounting to 20%-50% of the value of the products handled. In light of such regulatory requirements, we initiated the reduction of e-cigarette sales, and completely ceased such activities by December 2022. From October 2022 to December 2022, we sold the e-cigarettes internally to our employees at cost for private consumption with a view to consume the remaining inventory and minimise the loss arising from disposing the inventory of e-cigarettes with the revenue in the amount of approximately RMB5,000. A maximum penalty of approximately RMB2,500 may be imposed for the lack of tobacco patent retail sales licenses. Our PRC Legal Advisors are of the view that the risk of the Group being subject to any penalties or fines due to the sales of e-cigarettes between October and December 2022 is remote considering that (i) the Group has conducted a timely rectification; (ii) the amount of selling e-cigarettes without the license is approximately RMB5,000, which is comparatively low, and according to the Administrative Penalty Law of the PRC, if an illegal act is minor, has been rectified in a timely manner, and has caused no harmful consequence, it shall be exempted from administrative penalty; and (iii) as of 30 November 2023, the Group had not been subject to any notices, warnings, or sanctions imposed by any regulatory authorities due to the sales of e-cigarette.

As at the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to the aforementioned e-cigarette sales activities. We have ceased e-cigarette sales and have no plans to relaunch such businesses as at the Latest Practicable Date.



## BUSINESS

### OUR BUSINESS PROCESS

#### Sales of in-vehicle hardware products

The below chart illustrates a typical workflow of our sales of in-vehicle hardware products:



#### (1) *Business identification*

From the perspective of customer development, we obtain customer resources through various channels such as industry exhibitions, site visits, online promotion and the development of, potential provincial and regional channel partners. Our marketing team will follow up on customer leads generated by the various channels mentioned above. Upon receipt of the customer’s demand, we will evaluate the corresponding product specifications and requirements, and determine the cooperation relationship with the customer through business negotiation.

#### (2) *Design and development*

For in-vehicle hardware products, upon customers such as 4S store customers accepting our quotations, we will continue to agree on other transaction terms with customers and enter into supply contracts.

For core board products, our research and development team will first confirm with the supplier the printed circuit board (PCB) and the public OS system required for the production of core boards, and then embed the SDK embedded software package we developed into the public OS system to realise our digital link capabilities, and finally deliver it to customers such as in-vehicle device OBMs after integration testing.

#### (3) *Contract execution*

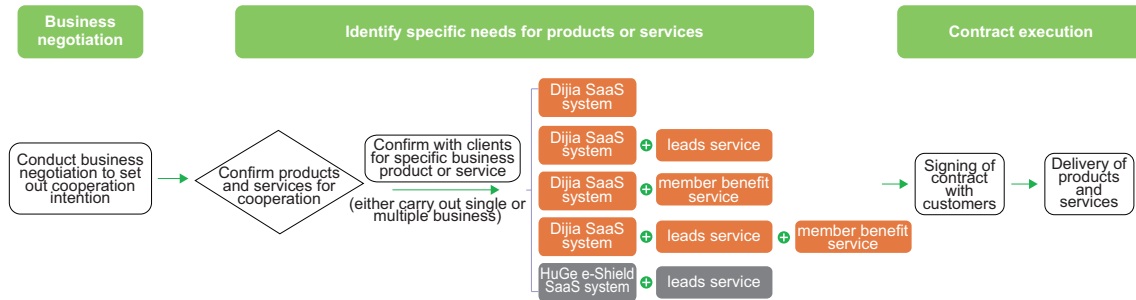
If our customers place a purchase order with us, our business and supply chain team will review order details, and make delivery from our inventory based on existing inventory level or placing an order with our suppliers for post-production delivery, and perform corresponding after-sales service.

## BUSINESS

### SaaS marketing and management services

The below diagram shows a typical workflow of how we provide our SaaS subscription services and SaaS value-added services to our customers.

#### SaaS subscription services



#### SaaS value-added services



#### (1) Business negotiation

We acquire customer resources through industry exhibitions, site visits, online promotions and brand promotions, and we manage the intentions of business cooperation in SaaS marketing and management through business negotiations and other means.

#### (2) Identify specific needs for products or services

After in-depth communication with potential customers, we understand the specific needs of clients in SaaS marketing and management business, and recommend different product and service combinations according to various factors such as vehicle life-cycle, brands of cars, size of the existing car user base, and conduct final confirmation with customers.

#### (3) Signing and execution of contracts

After confirming the specific product and service portfolio with the customers, both parties sign the contract and agree on transaction terms, and we begin to deliver products and services to customers and provide after-sales service commitment.

**BUSINESS**

**SALES AND MARKETING**

**Sales channels**

During the Track Record Period, our sales were primary conducted through: (i) direct sales by our sales and marketing team, and (ii) distributing our in-vehicle hardware and SaaS products through our channel partners. The following table sets out a breakdown of revenue by sales channel during the Track Record Period:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
Direct sales . . . . .	248,165	75.9	323,256	78.1	443,764	79.1
Sales through channel partner . . . . .	78,609	24.1	90,604	21.9	116,805	20.9
<b>Total . . . . .</b>	<b>326,774</b>	<b>100.0</b>	<b>413,860</b>	<b>100.0</b>	<b>560,569</b>	<b>100.0</b>

During the Track Record Period, our sales and marketing team was responsible for both managing our direct sales effort and our channel partners. As at the Latest Practicable Date, our sales and marketing team consisted of 84 members. We also strategically placed certain of our sales team at the locations close to our key customers to enable them to respond promptly to customers’ requests and enquiries.

**Direct sales**

Our sales and marketing team is responsible for following up with the qualifying sales leads through initial telephone contact, followed by marketing visits by our sales staff to customers (who are primarily 4S stores) at their business locations. Through understanding our customers’ demands, our sales and marketing staff endeavour to provide products and services for our customers that best suit their needs and their conditions. We provide both our in-vehicle hardware products and SaaS marketing and management services through direct sales.

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We typically enter into a master agreement with our 4S store customers and they then order our products and services from us by issuing purchase orders. The table below sets out typical terms of master agreement with our 4S store customers.

<b>Duration and termination of services</b>	:	The contract term is generally one year and either party has the right to terminate the contract with the other party with a notice period of 30 days.
<b>Payment</b>	:	The product and service fees for the previous month shall be settled on a monthly basis.
<b>Credit terms</b>	:	Generally 90 days.
<b>Product warranty</b>	:	The warranty period is generally three years from the date of our 4S store customer selling the product to their car user customer.
<b>Dispute resolutions</b>	:	The contract shall be governed by the PRC laws. Any disputes between our Group and the customer shall first be resolved through negotiations. Failure of which, the parties may resort to litigation proceedings.

### ***Sales to channel partners***

#### *Channel Partners distributing our in-vehicle hardware and SaaS products and services*

During the Track Record Period, our channel partners, which are mainly trading companies, directly purchased in-vehicle hardware and Dijia SaaS from us for the purpose of reselling them to 4S store customers. The relationship between us and our channel partners is a seller-buyer relationship. We regard our channel partners as direct buyers of our in-vehicle hardware and SaaS products and services. Under this business model, we recognise revenues generated from sales of in-vehicle hardware and Dijia SaaS to our channel partners at the amounts billed to such channel partners.

The revenue derived from our sales to our channel partners represented approximately 20% of our total revenue for each year during the Track Record Period. Some of our channel partners were also our top five customers during the Track Record Period including Customer D, Customer E, Customer F and Customer H. The revenue derived from Customer D, Customer E, Customer F and Customer H in aggregate represented 6.3%, 6.0% and 6.0% of our total revenue within each year during the Track Record Period, respectively.

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### *Management of our channel partners*

We select channel partners with proven track records in the automotive aftermarket industry. We stringently evaluate their industry credentials and background, marketing capability and financial condition. We generally enter into standard sales agreements with our channel partners. The table below sets out typical terms of agreements that we enter into with our channel partners:

<b>Type of products/services involved</b>	:	In-vehicle hardware and Dijia SaaS
<b>Marketing arrangement</b>	:	From time to time, we provide guidance, demonstrations and trainings to channel partners and their end customers regarding functionalities of products and services, technology, after sales, marketing promotion and process system each month. We may provide marketing materials and customised regional promotion proposals to support the sales activity of channel partners and assist them in the promotion of our in-vehicle hardware and Dijia SaaS.
<b>Ownership of products/services</b>	:	Channel partner
<b>Minimum purchase requirements</b>	:	We do not set any minimum purchase requirements or sales targets for our channel partners.
<b>Onward sales restriction and selling prices requirements</b>	:	We do not restrict our channel partners to onward sell our products, and we do not mandate any prices for sales or onward sales by our channel partners.

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- Return policy and warranty policy** : We generally do not accept product returns or exchanges. Our warranty period generally lasts no more than 15 months from the date of product delivery. If the products are shown to be defective within the warranty period, we may agree with our channel partner to accept warranty returns. Such return policy and warranty policy are in line with the industry norm, according to the CIC Report.
- Revenue Recognition Policy** : Revenue is recognised when our products are sold to our channel partners. We generally grant a credit term of three months to six months to our channel partners.
- Renewal of partnership arrangement** : Term and duration generally ranges from one year to two years. If no termination is requested by both parties, some contracts are automatically renewed for one year.

The following table sets out the number of channel partners and its movement during the Track Record Period:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
At the beginning of the year .....	163	179	205
Addition during the year .....	41	49	71
Termination during the year <sup>(Note)</sup> ....	25	23	47
At the end of the year .....	179	205	229

*Note:* We consider the business relationship with a channel partner to be terminated when such channel partner does not contribute any revenue in a given year. Termination with channel partners engaged by us during the Track Record Period was mainly due to expiration of contracts or with no transactions incurred in the relevant financial year.

Selling our products through our channel partners' established distribution network is an effective way to market our brand, expand the geographical reach of our sales network, and promote our products and services to our target customers, which are 4S stores who may have demand for our services. Channel partners approach 4S stores by leveraging their industry expertise and relationship with 4S stores within different areas of China due to their geographic proximity and their familiarity with the local markets, as well as closer local customer relationship connections. According to the CIC Report, it is an industry norm to sell in-vehicle hardware and SaaS products and services through channel partners in the automotive aftermarket industry in China.

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### *Relationship with our channel partners*

As at 31 December 2023, the average length of our business relationships with our top five channel partners was over four years. We do not have exclusive arrangements with our channel partners and the prices that we offer to our channel partners are generally no less favourable than those we offer to our direct customers within the same region. To the best knowledge of our Directors, all of our channel partners during the Track Record Period were Independent Third Parties, and based on our Directors' knowledge, none of our current employees or our past employees held a majority interest in any of our channel partners during the Track Record Period. To the best knowledge of our Directors, none of our Directors, shareholders, senior management or employees of the Company and its subsidiaries are interested in, or otherwise control, any of the channel partners or has any relationships including employment, financing, and family relationship with them.

As at the Latest Practicable Date, we had ten regional managers (大區經理) who were mainly responsible for managing the relationships and cooperations with our channel partners and developing new and suitable channel partners. Our channel partners generally operate their businesses by province on a non-exclusive basis and they generally operate their businesses within various cities in the province. Our channel partners are required to obtain authorisation from us to promote our products. During the Track Record Period, the relationships between our Group and our channel partners were that of seller and buyer, and also taking into account that there has been no material product returns during the Track Record Period. Our day-to-day management of channel partners mainly focuses on monitoring the sales of products in the regions such as product quality feedback, selling price to optimise our quality control management and cost management, and also focuses on the settlement and repayment of our channel partners and to take measures to manage shipment and payment for the channel partners with overdue settlements to monitor any irregularity on channel partner performance. We will also regularly visit the site to understand the distribution of products. We generally reconcile and settle our accounts with our channel partners on an order basis, with unsold inventory products attributable to the channel partners. The inventory risk of the products is transferred to our channel partners after we deliver the products to them. Except for the quality issues that required us to undertake after-sales obligations that may involve product return and replacement, during the Track Record Period and up to the Latest Practicable Date, there were no material product returns from the channel partners due to circumstances such as slow-moving products or storage damage.

We will generally provide the list of customers under cooperation to our channel partners. In principle, our channel partners are not allowed to carry out business cooperation with the 4S stores we are cooperating with and they are also generally unable to participate in the competition as they are generally requested to provide the authorisation of the products from us when participating in the bidding for the 4S stores customers. As the Company is not aware of any instances of our channel partners

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competing with us for the same customers or with one another within the same geographical regions, we put in policies such as regularly visiting the site and holding channel partner conference to understand the distribution of products to avoid cannibalisation based on the market size of the automotive market industry and also that the market for the automotive aftermarket industry in China is relatively fragmented. Except for credit terms on payment in accordance with the terms of their agreements, we did not provide financing to our channel partners to acquire our products and services. During the Track Record Period, there were no material product returns from our channel partners, and there has been no material disputes with our channel partners, nor are we aware of any material non-compliance with laws or regulations by our channel partners that had any adverse impact on our business during the Track Record Period. Please refer to “Risk Factors—There may be cannibalisation within our channel partners and our channel partners may accumulate excessive or obsolescent inventory and any excessive build-up of inventory which could affect the volume of future orders from our channel partners.” in this document for further details.

### **Pricing policy**

We determine the sales price of our products or services based on the content of the products or services provided and various factors such as customer type, product cost and market price level, and on the basis of ensuring a reasonable profit level.

For our sales of in-vehicle hardware products business, we determine the sales price primarily based on our costs and market prices while taking into account factors such as product specifications, marketing cost and order volume. We do not charge car users for the use of our software that is installed or embedded into the in-vehicle hardware products that we sell.

For our SaaS subscription services, we charge our 4S store customers and channel partners for leads services and/or member benefits services of our Dijia SaaS on the basis of actual number of car users who use a particular type of service. We receive subscription fees from our automotive financing and leasing company customers for HuGe e-Shield SaaS on the basis of the number of car users enrolled with our HuGe e-Shield SaaS. The subscription term is usually one year or three years with an option to renew. The subscription fee mainly depends on the type of functional modules subscribed by the customer, the number of users and taking into account factors such as market price and our reasonable profit level.



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For our SaaS value-added services, we receive product and service fees from car users through providing auto decoration products and services to them. We also receive marketing service fees for helping our customers to achieve new business transactions. Our pricing strategy takes into account factors such as the operating cost (i.e. online and offline marketing and operating personnel costs), vehicle models and brands (classified by domestic, joint venture and luxury models and brands), city attributes (classified by first-tier, second-tier and third-tier cities) and the gross profit level of our customer.

We have formulated a product pricing management plan, established standardised product pricing principles and procedures, and realised the standardisation of price approval process. We require our business departments to review product pricing plans and implement them after the internal approval process in order to provide a reasonable and prudent assessment on the profit level for our products and services.

### Seasonality

We experience seasonal fluctuations in our revenues and results of operations. We have historically experienced relatively lower revenue during the first quarter of a year mainly due to Chinese Lunar New Year, and relatively higher revenue in the fourth quarter of a calendar year mainly due to increasing spending or purchases by our customers for our SaaS and SaaS value-added products and services as a result of a high concentration of festive seasons and other marketing campaigns. Overall, the impact of seasonality on our business has been relatively mild due to our rapid growth. The seasonal trends we have experienced in the past may not apply to, or be indicative of, our future operating results. Please refer to “Risk Factors—Our operating results are subject to seasonal fluctuations” for further details.

### Branding and marketing

During the Track Record Period, we have been putting effort in enhancing visibility in the industry and to promote our brands, Dijia 途虎, Guanglian Saixun 广联赛讯 and Didihu 嘀嗒嘀嗒.

During the Track Record Period, our effort to enhance our brands was conducted primary through participating in events conducted by automobile-related industry associations, referrals from our existing customers, visits by our sales and marketing staff to potential customers, and participating in exhibitions and trade fairs. During the Track Record Period, we have participated in a number of exhibitions and trade fairs in gaining exposure for our brand, showing our in-vehicle hardware product and SaaS product offerings, promoting to the market about the advantages to the digitalisation of automobile aftermarket services, and generating interest in our products/services from potential customers. Leads generated through these activities are followed-up by our sales and marketing team.

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Our marketing and branding efforts include the following:

- *Participating in relevant industry associations.* During the Track Record Period, we were members of various industry associations, such as the Guangdong Internet of Vehicles Industry Alliance (廣東省車聯網產業聯盟), the Automotive Aftermarket Professional Committee of the China Auto Dealers Chamber of Commerce (中華全國工商業聯合會汽車經銷商商會汽車後市場專業委員會) and the Shenzhen High-tech Industry Association (深圳市高新技術產業協會).
- *Engaging in online marketing.* We have established various online marketing platforms and tools to promote our products and services, with relevant online platforms including our official website, WeCom corporate business card mini program, Dijia official account (嘀加公眾號), Dijia video account (嘀加視頻號) and Dijia WeCom (嘀加企業微信). We use WeCom corporate business cards as the carrier of content, live streaming of video account as a means of online communication, and WeCom as a portal to reach customers on a continuous basis. We upload the highlights of our business and system, case example videos, cooperation methods, and adapted products to the WeCom corporate business card of our employees; and we use live streaming of video account to search for prospective customers, and add potential customers through WeCom to follow up and push different value-oriented contents according to the customer’s life-cycle (understanding, experience, transaction), and ultimately realising sales transaction with our potential customers.
- *Attending executive events, trade shows and industry events.* During the Track Record Period, we attended various key-note events, trade shows and industry events for the automotive aftermarket industry such as Shenzhen International Smart Mobility, Auto Modification and Aftermarket Service Ecosystems Expo (深圳國際智慧出行、汽車改裝及汽車服務業生態博覽會), China (Guangdong) International Car Networking Conference (中國(廣東)國際車聯會大會) and China (Dawan District) Car Networking Conference (中國(大灣區)車聯網大會).

### **Our customers**

Our customers for sales of in-vehicle hardware products and provision of SaaS marketing and management services during the Track Record Period mainly included 4S stores, channel partners, automotive financing and leasing companies and in-vehicle device OBMs.

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### *Our five largest customers*

In each year of the Track Record Period, our five largest customers accounted for approximately 52.7%, 38.6% and 33.3% of our total revenue, respectively. In each year of the Track Record Period, our largest customer accounted for approximately 31.6%, 21.8% and 19.0% of our total revenue, respectively.

The following table sets out the details of our five largest customers in each year of the Track Record Period:

*For the year ended 31 December 2021*

Rank	Customer	Year of commencement of business relationship	Principal product sold/service provided	Approximately amount of revenue RMB'000	Approximately percentage of our total revenue %	Credit term(s)	Settlement method(s)
1 . . .	Customer A <sup>(1)</sup>	2012	Sales of in-vehicle hardware products and SaaS marketing and management services	103,275	31.6	90 days	Bank transfer
2 . . .	Customer B <sup>(2)</sup>	2020	Sales of in-vehicle hardware products and SaaS marketing and management services	29,708	9.1	120 days	Bank transfer
3 . . .	Customer C <sup>(3)</sup>	2020	Sales of in-vehicle hardware products	18,712	5.7	90 days	Bank transfer
4 . . .	Customer D <sup>(4)</sup>	2017	Sales of in-vehicle hardware products and SaaS marketing and management services	10,624	3.3	90 days	Bank transfer
5 . . .	Customer E <sup>(5)</sup>	2017	Sales of in-vehicle hardware products and SaaS marketing and management services	9,702	3.0	90 days	Bank transfer
				<b>172,021</b>	<b>52.7</b>		

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*For the year ended 31 December 2022*

Rank	Customer	Year of commencement of business relationship	Principal product sold/service provided	Approximately amount of revenue RMB'000	Approximately percentage of our total revenue %	Credit term(s)	Settlement method(s)
1 . . .	Customer A	2012	Sales of in-vehicle hardware products and SaaS marketing and management services	90,244	21.8	90 days	Bank transfer
2 . . .	Customer B	2020	Sales of in-vehicle hardware products and SaaS marketing and management services	26,252	6.3	120 days	Bank transfer
3 . . .	Customer C	2020	Sales of in-vehicle hardware products	22,527	5.4	90 days	Bank transfer
4 . . .	Customer D	2017	Sales of in-vehicle hardware products and SaaS marketing and management services	10,590	2.6	90 days	Bank transfer
5 . . .	Customer F <sup>(6)</sup>	2022	Sales of in-vehicle hardware products and SaaS marketing and management services	10,316	2.5	90 days	Bank transfer
				<b>159,929</b>	<b>38.6</b>		

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*For the year ended 31 December 2023*

Rank	Customer	Year of commencement of business relationship	Principal product sold/service provided	Approximately amount of revenue	Approximately percentage of our total revenue	Credit term(s)	Settlement method(s)
				RMB'000	%		
1 . . .	Customer A	2012	Sales of in-vehicle hardware products and SaaS marketing and management services	106,540	19.0	90 days	Bank transfer
2 . . .	Customer B	2020	Sales of in-vehicle hardware products and SaaS marketing and management services	30,579	5.5	120 days	Bank transfer
3 . . .	Customer C	2020	Sales of in-vehicle hardware products	19,862	3.5	90 days	Bank transfer
4 . . .	Customer G <sup>(7)</sup>	2020	Sales of in-vehicle hardware products	15,123	2.7	90 days	Bank transfer
5 . . .	Customer H <sup>(8)</sup>	2022	Sales of in-vehicle hardware products and SaaS marketing and management services	14,692	2.6	90 days	Bank transfer
				186,796	33.3		

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*Notes:*

- (1) Customer A is a company whose shares are listed on Shanghai Stock Exchange, mainly engaged in passenger car dealerships and services, auto parts retail, auto parts wholesale, sales of auto decorative products and auto leasing businesses in the PRC. It is a leading passenger car dealership and service group, one of the largest luxury passenger car dealership and service groups, one of the largest financial leasing providers among passenger car dealer and one of the largest second-hand car dealership and trading agency service groups in China.
- (2) Customer B is a privately-owned PRC company, which is located in Hangzhou city, Zhejiang province, mainly engaged in auto parts wholesale, manufacture of auto parts and accessories, manufacture of auto decorative products, sales of electronic products and wholesale of electronic components businesses in the PRC, with a registered capital size of RMB5.0 million as at the Latest Practicable Date.
- (3) Customer C is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in research and development and sales of in-vehicle hardware and devices in the PRC, with a registered capital size of RMB1.0 million as at the Latest Practicable Date.
- (4) Customer D is a privately-owned PRC company, which is located in Pingxiang city, Jiangxi province, mainly engaged in research and development and sales of technology-based products and sales of in-vehicle hardware and devices in the PRC, with a registered capital size of RMB5.0 million as at the Latest Practicable Date.
- (5) Customer E is a privately-owned PRC company, which is located in Nanjing city, Jiangsu province, mainly engaged in providing Internet technology services and information technology consulting services in the PRC, with a registered capital size of RMB10.0 million as at the Latest Practicable Date.
- (6) Customer F is a privately-owned PRC company, which is located in Chongqing municipality, mainly engaged in manufacturing of auto parts and auto decoration products and sales of NEV and sales of new automobiles in the PRC, with a registered capital size of RMB5.0 million as at the Latest Practicable Date.
- (7) Customer G is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in development and sale of automotive electronic products, LED lighting products, and technology development and sales of Smart home and electronic products in the PRC, with a registered capital size of RMB1.0 million as at the Latest Practicable Date.
- (8) Customer H is a privately-owned PRC company, which is located in Guangzhou, Guangdong province, mainly engaged in software development, information systems integration services, information technology consulting services and data processing storage services businesses in the PRC, with a registered capital size of RMB100 million as at the Latest Practicable Date.

As confirmed by our Directors, none of our Directors, their respective close associates or any Shareholder (who or which, to the best knowledge of our Directors, owned more than 5% of the issued share capital of our Company as at the Latest Practicable Date), has any interests in any of the five largest customers in each year of the Track Record Period. All of the above five largest customers in each year of the Track Record Period are Independent Third Parties. None of our five largest customers in each year of the Track Record Period were our suppliers during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we did not have any material disputes with our customers or encounter any major claims of defective products.

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### ***Backlog***

Backlog represents our estimate of the contract value of work that remains to be completed as of a certain date. The contract value represents the amount that we expect to receive under the terms of the contract, assuming the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles. Our Group generally do not compile backlog data for our sales of in-vehicle hardware products business line or the SaaS value added business line during the Track Record Period. This is because our Directors consider the compilation of such figures are not meaningful to the management as each of these business lines generally have orders being fulfilled within a very short period of time, which generally would be within one or two weeks of receipt of the relevant order for sales of in-vehicle hardware products and within one day of receipt of the relevant order for SaaS value-added services, respectively. As at 31 December 2023, we had over 4,000 orders in our backlog for our SaaS subscription services. Out of the amount not yet recognised of RMB69.5 million as at 31 December 2023, it is expected that approximately RMB47.6 million will be recognised for the year ending 31 December 2024 and approximately RMB21.9 million will be recognised after 31 December 2024.

### ***Relationship with Customer A during the Track Record Period***

During the Track Record Period, our revenue contributed by Customer A represented 31.6%, 21.8% and 19.0% of our total revenue, respectively. Nonetheless, our Directors consider that this will not constitute a significant risk to our Group due to the following reasons:

- *Customer A highly recognises our capabilities.* Customer A is a leading 4S dealer which has been listed on the Shanghai Stock Exchange since 2015 and operated over 700 4S stores throughout the PRC as at 31 December 2022. As advised by Customer A, as its major business focus is on the core business of 4S stores and have limited in-house technology infrastructure, data operation, dedicated research and development capacities, marketing tools and manufacturing resources, it would rely on third-party suppliers to provide products and relevant value-added solutions. We have commenced our business relationship with Customer A for over ten years, involving in the construction of this customer’s digital system and operational capabilities comprehensively, providing comprehensive and industry-leading products and service for this customer in the areas such as in-vehicle hardware and services, leveraging the SaaS system to achieve efficient user reach and activation, and improving operational efficiency, so as to help this customer continuously improve its digital operation capabilities, enhance users stickiness, and continue to increase the output value of after-sales and value-added businesses. Customer A has highly recognised the value of our R&D capabilities, operational capabilities, service support capabilities. Customer A and us are continuing our in-depth cooperation, and both parties

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will continue to maintain synergy in the future wave of enhancement of marketing and management capability and efficiency and continue to achieve a win-win cooperation. Since the commencement of our business relationship with Customer A in 2012 and up to the Latest Practicable Date, there has not been any material disruption in the business relationship between us.

- *Our business development plan and focus.* We have been focusing on the provision of SaaS marketing and management services of higher gross profit margin. We are in the process to expand our value-added services based on our SaaS so that our product and service offerings are continuously expanding to catch a wider range of customers. Our Directors are of the view that our efforts in developing SaaS marketing and management services and novel types of SaaS value-added products and services will bring us more business opportunities and maintain the steady growth of business. During Track Record Period, Customer A's revenue contribution as a percentage of our total revenue has shown a decreasing trend as we expanded our customer base and increased our different revenue streams. Going forward, we aim to enhance our efforts to identify and establish business relationships with more customers that are independent from Customer A through enhancing our sales and marketing efforts and enhancing our brand, which we expect would allow us to further diversifying our customers base and revenue sources. As such, our Directors consider that revenue contribution from Customer A, as a percentage of our total revenues will gradually decrease as we implement our business development plan and focus.

## SUPPLY CHAIN MANAGEMENT

### Our suppliers

Our suppliers primarily include in-vehicle hardware product manufacturers ("**OEM suppliers**"), mobile communication operators, cloud service providers, warehouse management and installation service providers.

### *Outsourced production arrangement*

During Track Record Period, we entered into various outsourcing arrangements with third-party OEM suppliers for production from certain components of in-vehicle hardware products and up to complete in-vehicle hardware products under OEM arrangements. Our OEM suppliers produce our products based on specifications and standards established by us. Through outsourcing the production and/or assembly of certain components of in-vehicle hardware products and in-vehicle hardware products, we believe we are able to avoid direct exposure to the risks and expenses associated with operating our own production facilities.



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We employ various evaluation and assessment criteria in selecting our OEM suppliers, including but not limited to industry experience and track record, expertise, product quality and quality control effectiveness, price, financial condition, qualification and certification production capacity and equipment and ability to meet our delivery timeline. In addition, all of our OEM suppliers are subject to an annual evaluation, which includes an assessment on their product quality, production costs and product delivery time. A OEM may be removed from our list of qualified suppliers if it has a poor assessment result or has quality problems for the same product twice in a row and fails to improve effectively after receiving our request to improve the quality.

As at 31 December 2023, we had maintained business relationships with our five largest OEM suppliers in each year of the Track Record Period for more than three years. To the best knowledge of our Directors, all of the five largest OEM suppliers in each year of the Track Record Period were Independent Third Parties.

We generally enter into master purchase agreements with our OEM suppliers and place purchase orders with them upon receipt of purchase orders from our customers. Our purchase orders are entered into with OEM suppliers on an order-by-order basis, which generally specify the name, quantity, price and delivery of the product that we wish to outsource our production to.

Our typical master purchase agreement contains details of procurement, delivery, indemnity, warranties, and quality requirements. Certain salient terms of our typical master purchase agreements with our OEM suppliers are set out below.

<b>Term and duration</b>	:	Generally three years.
<b>Quality requirement</b>	:	The goods supplied must meet the specification and quality standards required by us and the products must comply with the relevant applicable laws.
<b>Quality control</b>	:	We shall conduct quality inspections to the goods delivered by the OEM suppliers pursuant to the quality requirement. The OEM suppliers are generally required to replenish, replace or repair within an agreed period upon receiving our feedback.
<b>Delivery details</b>	:	Delivered by the OEM suppliers to our designated locations.
<b>Credit terms and payment method</b>	:	Credit terms and payment method are subject to negotiation with OEM suppliers. For some of the OEM suppliers, a deposit of 30% is required to be paid by us before placing the orders.

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**Product warranty** : Warranty period is agreed and subject to negotiation with some OEM suppliers, generally ranges from 12 months to 36 months from the date of quality acceptance.

### ***Outsourced warehouse management and installation service arrangements***

We generally engage service providers to provide warehouse management services including managing daily purchase orders, receiving and delivering products, managing inventory, etc. They may also provide us with installation services for our 4S store customers of specific regions. The service providers should strictly follow the relevant business processes that we prescribe.

Our SaaS marketing and management services business mainly serves our 4S store customers in various regions across the PRC, and involves a providing logistics services for goods, coordination for hardware installation, answering enquiries on our products and handling ad-hoc post-sales service requests, and our business places significant demands on initial response time, installation progress reporting, timeliness in dealing with service requests and coordination efforts among different parties. Such demands would require dedicated teams to effectively provide service to individual shops and car users. If we were to provide such services ourselves, we can only cover relatively close regions, such as southern China regions including Guangdong and Guangxi, while for relatively remote regions, such as southwestern China, Xinjiang and northern China, it is necessary to convene business, after-sales, technical and installation and other professional teams to connect with local stores to provide good services, which will incur significant cost. As a result, we need service providers to connect with local stores in various locations, and they can quickly respond to the needs of stores and car users due to their close proximity.

In addition, their services can cover local stores without being limited to serving one or two customers, and the price of such services can also be better controlled. Moreover, we have highly standardised service provider management manuals and service contracts, which can be used to manage orders corresponding to logistics services for goods, coordination for hardware installation, answering enquiries on our products and handling ad-hoc post-sales service requests. We have specialists to manage and analyse the inventory turnover status of external warehouses on a monthly basis, and timely adjust the order approval and delivery status for the next month based on the settlement and delivery data. We restrict or even impose penalties for excessive stock on a case-by-case basis, which enable us to closely monitor during the process of managing external warehouse inventory.

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Certain salient terms of our typical warehouse management and installation service contracts are set out below.

<b>Duration</b>	:	Generally one year
<b>Payment</b>	:	The service fees for the previous month shall be settled on a monthly basis
<b>Credit terms</b>	:	Generally ten days
<b>Scope of authorisation</b>	:	Service providers provide services within our designated authorised scope and authorised service area
<b>Delivery</b>	:	We are generally responsible for delivering the product to the location specified by the service provider
<b>Risk transfer</b>	:	The service provider is responsible for the custody of the product and we retain ownership of the product
<b>Liability for accidents</b>	:	The service providers bear responsibility for any accidents that occur involving assigned technicians while they are working in the designated areas
<b>Purchase/stock quantity</b>	:	Service providers collect and collate product demands from 4S stores and place orders with us based on estimated demand, and we arrange shipments after assessing the stocking and sales conditions in their respective authorised areas

The service providers are required to report their stock demand plan every month with reference to the local market situation and check inventories and sales accounts. They should register and report the slow-moving and problem products and cooperate with each other on stock transfers. They are also responsible for the production and regular monthly reporting of the detailed sales account of receipt and delivery of products of 4S stores.

### ***Our five largest suppliers***

In each year of the Track Record Period, our five largest suppliers accounted for approximately 64.2%, 55.4% and 54.9% of our total purchase amounts, respectively. In each year of the Track Record Period, our largest supplier accounted for approximately 29.4%, 21.1% and 16.7% of our total purchase amounts, respectively.

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The following tables set out certain details of our five largest suppliers in each year of the Track Record Period.

*For the year ended 31 December 2021*

<u>Rank</u>	<u>Supplier</u>	<u>Year of commencement of business relationship</u>	<u>Principal product sold/service provided</u>	<u>Approximate amount of purchase</u> RMB'000	<u>Approximate percentage of our total purchase</u> %	<u>Credit term(s)</u>	<u>Settlement method(s)</u>
1 . . . .	Supplier A <sup>(1)</sup>	2017	In-vehicle hardware product manufacturing	64,408	29.4	Delivery upon payment	Bank transfer
2 . . . .	Supplier B <sup>(2)</sup>	2019	In-vehicle hardware product manufacturing	38,352	17.5	180 days	Bank transfer, bank acceptance draft
3 . . . .	Supplier C <sup>(3)</sup>	2020	In-vehicle hardware product manufacturing	16,122	7.4	30 to 60 days	Bank transfer, bank acceptance draft
4 . . . .	Supplier D <sup>(4)</sup>	2019	In-vehicle hardware product manufacturing	14,641	6.7	180 days	Bank transfer, bank acceptance draft
5 . . . .	Supplier E <sup>(5)</sup>	2016	Warehousing and installation service	7,081	3.2	90 days	Bank transfer
				<b>140,604</b>	<b>64.2</b>		

**BUSINESS**

*For the year ended 31 December 2022*

Rank	Supplier	Year of commencement of business relationship	Principal product sold/service provided	Approximate amount of purchase	Approximate percentage of our total purchase	Credit term(s)	Settlement method(s)
				RMB'000	%		
1 . . . .	Supplier F <sup>(6)</sup>	2021	In-vehicle hardware product manufacturing	59,386	21.1	Delivery upon payment	Bank transfer
2 . . . .	Supplier B	2019	In-vehicle hardware product manufacturing	44,811	15.9	180 days	Bank transfer, bank acceptance draft
3 . . . .	Supplier C	2020	In-vehicle hardware product manufacturing	25,712	9.1	30 to 60 days	Bank transfer, bank acceptance draft
4 . . . .	Supplier G <sup>(7)</sup>	2019	In-vehicle hardware product manufacturing	16,139	5.7	Delivery upon payment	Bank transfer, bank acceptance draft
5 . . . .	Supplier D	2019	In-vehicle hardware product manufacturing	10,245	3.6	180 days	Bank transfer, bank acceptance draft
				156,293	55.4		

**BUSINESS**

*For the year ended 31 December 2023*

Rank	Supplier	Year of commencement of business relationship	Principal product sold/service provided	Approximately amount of purchase RMB'000	Approximately percentage of our total purchase %	Credit term(s)	Settlement method(s)
1 . . . .	Supplier F	2021	In-vehicle hardware product manufacturing	69,657	16.7	Delivery upon payment	Bank transfer
2 . . . .	Supplier B	2019	In-vehicle hardware product manufacturing	61,334	14.7	180 days	Bank transfer, bank acceptance draft
3 . . . .	Supplier C	2020	In-vehicle hardware product manufacturing	47,059	11.3	30 to 60 days	Bank transfer, bank acceptance draft
4 . . . .	Supplier G	2019	In-vehicle hardware product manufacturing	27,538	6.6	Delivery upon payment	Bank transfer, bank acceptance draft
5 . . . .	Supplier H <sup>(6)</sup>	2022	Insurance products	23,399	5.6	Payment in advance	Bank transfer
				<u>228,986</u>	<u>54.9</u>		

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*Notes:*

- (1) Supplier A is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in design, R&D, consulting and sales of automotive electronics, wireless data terminals, integrated circuits, electronic products and computer software and hardware in the PRC, with a registered capital of RMB53.1 million as at the Latest Practicable Date.
- (2) Supplier B is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in development, technical advice, technology transfer and technical services of electronic and technological products in the PRC, with a registered capital of RMB12.0 million as at the Latest Practicable Date.
- (3) Supplier C is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in sales of automotive products trading and import and export of goods and technology in the PRC, with a registered capital of RMB18.2 million as at the Latest Practicable Date.
- (4) Supplier D is a privately-owned PRC company which is a subsidiary of Supplier C, located in Huizhou city, Guangdong province, mainly engaged in technology development, technical consulting, technology transfer and technical services for electronic technology products in the PRC, with a registered capital of RMB60.0 million as at the Latest Practicable Date.
- (5) Supplier E is a privately-owned PRC company, which is located in Chongqing municipal, mainly engaged in development of software and technical services, technology development, technology consulting, technology exchange, technology transfer and technology promotion in the PRC, with a registered capital of RMB1.0 million as at the Latest Practicable Date.
- (6) Supplier F is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in design, R&D, consulting and sales of electronic products, wireless data terminals, integrated circuits, electronic products and computer software and hardware in the PRC, with a registered capital of RMB53.1 million as at the Latest Practicable Date.
- (7) Supplier G is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in development and sales of electronic products, digital products, electromechanical products, auto parts, computer hardware and software, office software, instruments and meters and smart home products in the PRC, with a registered capital of RMB5.0 million as at the Latest Practicable Date.
- (8) Supplier H is a privately-owned PRC company, which is located in Shenzhen city, Guangdong province, mainly engaged in insurance business in the PRC, with a registered capital of RMB4,007.2 million as at the Latest Practicable Date.

None of our Directors or their close associates, or any, Shareholders who (to the best knowledge of our Directors are beneficially interested in 5% or more of the issued share capital of our Company) or their respective close associates had any interest in any of our five largest suppliers in each year of the Track Record Period. All of the five largest suppliers in each year of the Track Record Period are Independent Third Parties.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any major disruption in business due to material delays or defaulting payments in respect of purchases we made from our top suppliers, and there has been no material breaches of the supply agreements with our top suppliers which may have or have had a significant effect on the Group's business operations or financial condition.

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### Components and raw materials

We primarily procure components for in-vehicle hardware products, including car dash cameras, car rear view mirrors, GPS modules and smart car GPS navigation system, from our in-vehicle hardware products manufacturers in the PRC, and we also procure in-vehicle hardware components including, displays, touch screens, vehicle modules and core boards from manufacturers in the PRC. We also procure data traffic from telecommunications operators in the PRC.

Since 2021, there has been a global shortage in the supply of semiconductor chips which negatively affected our sales of in-vehicle hardware products business in ways such as production schedules and lead times, resulting in delayed orders and/or failure to meet demands of our customers, and leading to the increase in selling price of semiconductors, which accounted for approximately 10% of the total cost of our core board products in FY2021, while they have less than a 3% cost impact on our in-vehicle infotainment system and vehicle safety system products since we purchase in-vehicle infotainment system products and in-vehicle safety system products as finished products and semiconductor chips constituted only a small part of their bill of materials. We have taken a series of measures to mitigate the risk of such shortage including: (i) building up stable relationships with various suppliers to avoid dependence on a single supplier, and ensuring supply chain stability by working closely with suppliers to forecast customers' demands in advance and make timely purchases; (ii) adjusting the selling prices of in-vehicle hardware products, in particular, selling prices of our core board, based on market demand and competition to balance the pressure of rising costs and customer acceptance so that we could maintain competitiveness and minimise the impact of the cost increases, and communicating clearly with our customers and explaining the reasons and necessity of cost adjustments; (iii) reducing overall costs and improving productivity; and (iv) maintaining close communication with our customers and explaining possible supply shortage to them in advance and working out solutions together, and allocating resources according to the priority of customer demand to ensure timely delivery of orders.

### Inventory

Our inventories are primarily in-vehicle hardware products, raw materials and components in our sales of in-vehicle hardware products business. We generally maintain a very limited number of finished products in our warehouses and warehouses provided by our outsourced warehouse management services providers, and these products mainly include in-vehicle infotainment system and in-vehicle safety system, as most finished products are delivered directly to our customers upon the completion of production. Our supply chain management team closely monitors our inventories, including inventory levels, age and turnover rate. We also conduct regular stock takes of our inventories, which are coordinated by our finance team.



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As at the end of 2021, 2022 and 2023, our inventory balances were approximately RMB11.8 million, RMB14.8 million and RMB10.0 million, respectively, and the average inventory turnover days were approximately 17.6 days, 20.1 days and 14.6 days, respectively. Please refer to “Financial Information—Description of Selected Items in the Consolidated Statements of Financial Position—Inventories” for further details.

### OVERLAPPING OF MAJOR SUPPLIER WHO IS ALSO OUR CUSTOMER

In each year of the Track Record Period, among our five largest suppliers, Supplier B is our overlapping customer and supplier. To the best knowledge and belief of our Directors, Supplier B and its ultimate beneficial owner are Independent Third Parties.

During the Track Record Period, we outsourced the manufacturing of in-vehicle products to Supplier B while we also occasionally sold our hardware to Supplier B for the year ended 2022. At Supplier B’s request, we sold one of our electronic components that Supplier B could assemble and incorporate into Supplier B’s own product into in-vehicle devices and sell to their own customers. Such arrangement could also decrease our inventory holding costs. Our Directors confirm that all of our purchases from and sales to Supplier B were not inter-conditional, inter-related or otherwise considered as one transaction.

The table below sets forth the total sales and total purchases attributable to/from Supplier B for the years indicated:

	FY2021	FY2022	FY2023
<b>Purchases</b>			
Cost (RMB’000)	38,352	44,811	61,334
At a percentage of our total amount of purchase	17.5%	15.9%	14.7%
<b>Sales</b>			
Revenue (RMB’000)	–	318	–
As a percentage of our total revenue	–	0.08%	–
Related cost (RMB’000)	–	317	–
Gross profit margin	N/A	0.2%	N/A

Our Directors are of the view that there are no unusual benefits to our Group or Supplier B other than the profit and loss derived from the arm’s length transaction with Supplier B as disclosed above.

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### QUALITY CONTROL

Our Directors believe that high quality and standards are critical to our Group's success. Guanglian Saixun, one of our principal operating subsidiaries, has obtained the accreditation of ISO 9001 since October 2020. The application for ISO 9001 certification was initiated by us to maintain an established quality management system for our Group. The major objective for adopting ISO 9001 is to demonstrate our ability to consistently provide quality services to our customers and we aim to enhance customer satisfaction through effective application of the quality management system.

For our research and development, we have put into place the Quality Management Rules for our R&D centre, setting out the responsibilities and steps to be taken in quality management by our different departments in the development of new products and services such as the R&D department, the testing department, the operations and maintenance department and the product project department.

We have stringent quality requirements in our production process, and we select new suppliers based on several factors and only those who meet our quality control requirements are qualified to be approved suppliers. We have put in place quality control procedures for handling defective products or services, the delivery of after sales services, the introduction of new products and services, and product (including hardware and software) quality control procedures. As at the Latest Practicable Date, our quality control team consisted of six members, who are primarily responsible for ensuring that our quality control procedures are complied with.

For products required to be in compliance with national recognised standards, market, before we start to sell such products to the market, we will conduct corresponding product tests and certifications based on product characteristics in compliance with national standard requirements, and obtain corresponding product test reports or corresponding certificates to ensure the products sold meet the national marketing standard. We are generally liable for losses or injuries caused by the design, materials and production of our products sold.

During the ordinary course of our business, we receive feedback, suggestions and complaints from customers from time to time regarding our products and services. We have established internal procedures to record, process and respond to the feedback, suggestions and complaints and conduct follow-up reviews of the results of our response. We believe the measures we take can reinforce our quality control standards to our customers, and continue to improve and enhance customer satisfaction.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant quality defects or product claims, refunds or returns from our customers, complaint from our customers or any regulatory bodies, or other remedies in respect of our products and which had a material adverse effect on our business or results of operations.

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### TECHNOLOGY INFRASTRUCTURE, SYSTEMS AND CAPABILITIES

We are dedicated to providing customers with scalable and reliable infrastructure, secure and compliant cloud services relying on industry-leading technologies. Our SaaS operates on a cloud-based technology infrastructure, and as one of our business strategies, we plan to adopt cloud-native technologies in the development and hosting of applications for our Dijia SaaS, which would allow us to harness large quantities of data and ensures high quality performance at a large scale with increased capacity.

#### **Our technology infrastructure and systems**

By cooperating with a leading cloud computing service provider in the PRC, we built our technical infrastructure on top of its cloud computing service. Substantially all of our cloud-based services are premised on such cloud. In addition, like many of other software providers in our industry, we also procured other generic IT services from third-party vendor for internal data storage.

During the Track Record Period, the amounts of purchases made from our cloud computing service provider were immaterial in nature. We believe we do not have any material impediment to switch our cloud computing service provider as we have adequate alternative sources of such services which are commonly accessible in the market. Moreover, most cloud computing service providers offer comprehensive products and services and customer support to facilitate data migration, which allows user to perform customised data migration by configuring the migration tasks as needed. In addition, the compatibility of our existing technology infrastructure and software products and services allows for swift transition and effective integration across the cloud infrastructure of different cloud computing service providers. Therefore, we do not expect any material technological issues or other hurdles for us to switch cloud computing service providers should the need arises. Furthermore, our systems run on the cloud infrastructure, and the cloud infrastructure primarily serves as a conduit for exchange of data over the Internet, for carrying out computations and also for data storage. Our SaaS-based services allow our customers to process large volumes of data on a real-time basis and ensure high-speed and stable performances on a large scale to accommodate and support the increased complexity and diversity of our customers' business operations. We have been enhancing our technology infrastructure by deepening the cooperation with third-party cloud computing services to ensure our cloud infrastructure can effectively address our growing business needs. In addition, we have in place a comprehensive set of contingency plans to manage potential risks of any emergency or service disruption. We have put into place our IT emergency response and recovery plan (IT應急回應及恢復預案), database system management procedures (資料庫系統管理辦法) and server safety management system (伺服器安全管理制度), which together provide a framework for the management, maintenance and backup of our IT systems, our servers, our computers and our databases to ensure their safe operations and, if necessary, perform disaster recovery.

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During the Track Record Period, we did not encounter any unplanned service interruption of our cloud computing service provider or our internal servers or databases that had a material impact on our business.

### **Our technological capabilities**

Our production research and development capabilities are key in maintaining our competitive position in the market. Through continuous development of new methods of data analysis, iteration and upgrading of the agile and efficient system, strong support has been provided to our efficient operation and management system, and the industry position of our overall products and services in the SaaS marketing and management services space and vehicle-connected services industry has been maintained. With our research and development capabilities and industry foresight, we have developed a set of proprietary technology for operation of 4S stores in the automobile dealing industry in the PRC.

We continue to focus on strengthening our product research and development capabilities to maintain our industry position of overall products and services. We also continue to improve our data application and commercialisation capabilities. We can model the desensitised data provided by our customers that is collected in compliance with relevant laws and regulations, and commercialising the data effectively through the combination of specific marketing and car usage scenarios to develop products that can be used in specific business scenarios. Through development of the application of data analysis technology and leveraging on data analysis algorithm, we strive to analyse and identify the characteristics of demand from car users in different stages of the vehicle lifecycles to identify car users' unmet needs, thereby helping 4S stores realised targeted marketing. Through the research on algorithmic models, the algorithm models established by us can detect real collisions more accurately, thereby providing 4S stores with timely and accurate clues for repair needs of car users. Through iteration and upgrading of the agile and efficient system, a set of full-link customised marketing services for the combined online and offline customers has been rapidly developed around the needs for operation in private domain of 4S stores, on the one hand, rapid iteration has provided strong support to our efficient operation and management system construction on the other hand. It can be seen that by leveraging on our research capability and industry foresight, we have developed a set of proprietary technology for conducting targeted marketing in private domain of 4S stores in the automotive aftermarket industry in China.

With the rapid advancement of large language model-related technologies, we have embarked on comprehensive research and expanding the scope of application of large language model technology. During the Track Record Period, we engaged reputable third party cloud service providers for provision of generic large language model services since February 2023. Through gaining and leveraging these services and combining them with our business scenarios, we have developed scenario-specific applications to enhance business efficiency. For instance, in the marketing scenario of

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in-store retail, the varying levels of knowledge among in-store personnel can significantly affect sales conversion rates. To address this, we have implemented a sales Q&A assistant tool with comprehensive product and service knowledge, using a combination of vector database, which is a type of database that stores data as high-dimensional vector, which are mathematical representations of features or attributes and large language model technology. Sales personnel can utilise this assistant tool via WeCom at any time to inquire about products and services, thereby improving the knowledge of the in-store personnel and increasing the overall business efficiency. Similarly, in the process of creating marketing campaigns at 4S stores, by utilising third party large language model services, marketing objectives can be expressed through short natural language expressions, our tool is capable of automatically generating relevant marketing titles and content, as well as selecting appropriate marketing packages to selected users. This automation reduces the effort of sales personnel in manually devising sales and marketing content while at the same time enhancing the relevance of marketing material, and thus enhancing the sales efficiency of 4S store marketing personnel.

### **Our research and development efforts**

Our research and development efforts primarily focus on expanding our product and service offerings, upgrading our technologies to address the emerging markets in automotive aftermarket. As such, we also pay attention to and analyse the feedback from our customers to understand the needs and preference of our customers and end users and make product adjustment and iteration from time to time and in a timely manner.

As at the Latest Practicable Date, our research and development team consisted of 70 members, 55 of them have completed tertiary education in computer science or software technology and have on average more than nine years of industry experience in connected service. During the Track Record Period, we incurred research and development expenses of RMB16.8 million, RMB17.0 million and RMB18.1 million, respectively.

## **CYBERSECURITY AND PERSONAL DATA PRIVACY**

### **The Cybersecurity Review Measures and the Cybersecurity Regulations**

On 28 December 2021, the Cyberspace Administration of China (the “**CAC**”) published the Revised Measures for Cybersecurity Review (the “**Revised CAC Measures**” 《網絡安全審查辦法》), which became effective on 15 February 2022, and superseded the Measures for Cybersecurity Review promulgated on 13 April 2020. The Revised CAC Measures, which stipulates that operators of critical information infrastructure purchasing network products and services, and network platform operators carrying out data processing activities that affect or may affect national security, shall conduct

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cybersecurity review. Pursuant to Article 7 of the Revised CAC Measures, any network platform operator with personal information on more than one million users must go through a cybersecurity review by the cybersecurity review office before listing in a foreign country.

On 14 November 2021, the CAC commenced to publicly solicit comments on the Regulations on Cyber Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (“**Draft Data Security Regulations**”), which provides that a data processor contemplating to list its securities on a stock exchange in Hong Kong which affects or may affect national security is required to apply for a cybersecurity review pursuant to relevant rules and regulations. However, the Draft Data Security Regulations does not provide the standard to determine under which specific circumstances such listings would “affect or may affect national security.” As at the Latest Practicable Date, the Draft Data Security Regulations was released for public comment only and its final version and effective date may be subject to change and uncertainty.

During the Track Record Period and up to the Latest Practicable Date, we have not experienced any material incident of data or personal information leakage, infringement of data protection, investigation by the competent authorities or other legal proceedings relating to data processing or data protection, or received any inquiry, notice, warning, punishment or sanctions relating to data processing or data protection that may have a material adverse effect our business. As at the Latest Practicable Date, we had not received any data security-related enquiries and had not been subject to any notices, warnings, or sanctions imposed by any regulatory authorities due to cybersecurity concerns. Our Directors confirm that there had been no material privacy issues, investigation, penalty, litigation or legal proceedings against us in relation to data privacy and protection during the Track Record Period and up to the Latest Practicable Date.

On 3 April 2023, the Sole Sponsor, our PRC Legal Adviser and the Sole Sponsor’s PRC Legal Adviser made a telephone consultation with the China Cybersecurity Review Technology and Certification Center (the “**CCRC**”), which is delegated by the CAC to accept applications for cybersecurity review, the staff of which confirmed that the term “[**REDACTED**]” under Article 7 of the Revised CAC Measures exempts [**REDACTED**] in Hong Kong from the mandatory obligation of ex-ante application of cybersecurity review and we does not need to apply for the cybersecurity review according to Article 7 of the Revised CAC Measures. The telephone consultation was carried out on a real-name basis and we have disclosed our business model briefly at the beginning of the telephone consultation. Our PRC Legal Adviser is of the view that the CCRC is the competent authority for such consultation, and the staff who responded to our inquiries during such consultation is the duly designated person in the CCRC to handle public inquiries. Our Directors, after taking advice from our PRC Legal Adviser, are of the view that, because (i) we do not possess more than one million users’ personal information, and (ii) based on the consultation with the CCRC, our [**REDACTED**] in Hong Kong does not fall within the scope of “listing abroad (赴國外上市)” pursuant to the Revised CAC Measures, we do

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not need to initiate the application for cybersecurity review pursuant to Article 7 of the Revised CAC Measures. As at the Latest Practicable Date, we had not been notified by any authorities of being classified as a critical information infrastructure operator, neither had we been involved in any investigations on cybersecurity review made by the CAC, and we have not received any inquiry, notice, warning or sanctions in such respect. Therefore, our Directors believe, and our PRC Legal Adviser concurs, that the Revised CAC Measures and the Draft Data Security Regulations, if implemented in their current forms, would not have a material adverse impact on our business operations or the proposed [REDACTED].

Since the current regulatory regime regarding data and cybersecurity is still evolving, and the PRC government authorities may have different opinions in the interpretation and enforcement of these regulations, there can be no assurance that the competent government authorities will ultimately take a view that is consistent with the views given by our Directors and our PRC Legal Adviser above. However, we will continue to closely monitor the development of the relevant laws and regulations to ensure timely compliance with the latest regulatory requirements.

For related risks, see “Risk Factors—Risks Related to our business and industry—Our business is subject to complex and evolving laws and regulations regarding cybersecurity, privacy, data protection and information security in China. Any privacy or data security breach or failure to comply with these laws and regulations could damage our reputation and brand and substantially harm our business and results of operations.”

### **Our implementation on data privacy and security**

We are fully committed to complying with cybersecurity and data privacy laws in all material aspects. We have established our user privacy policies, which clearly set forth how we protect the information and data made available to us throughout its lifecycle.

#### **Data collection**

When providing our services, we may have access to certain information and data, such as contact information, log-in details, IMEI (international mobile equipment identity), location, delivery address directly from our APP or mini programs users, most of whom are car users, mainly for user account registration and ongoing product support purposes. Without prior consent from the users, we are not allowed to collect any information or data from them. We have published our privacy policies that disclose our rules of collecting and using personal information in the links on the login page of our APP or mini programs in WeChat, and obtained the consent of users through pop-up windows, checkboxes or in other prominent ways.

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We only provide reporting and data analytic tools for our 4S store customers and we, as a third-party service provider, do not involve in the business operations of our 4S store customers, nor do we deliberately collect or utilise user information or other data handled by our 4S store customers during business operations. In our Dijia SaaS and HuGe e-Shield SaaS systems, our customers may upload data relating to their own customers to the cloud environment that hosts our SaaS services. In using our SaaS services, they may also store data such as personal information in the cloud environment. In our Dijia SaaS system, personal information (such as names and phone numbers) and device information are registered by our 4S store customers and stored in the cloud environment, while simultaneously binding and activating with the in-vehicle hardware which is allowed to collect the location information of the in-vehicle hardware products for leads services. The cloud resources are procured by us and are provided by third-party cloud service provider. The uploaded and registered personal information is automatically de-identified and encrypted by data classification and grading software. In addition, our systems are capable of gathering product location information and analysing it using algorithms. The analysed data is then leveraged by us to provide services to our customers. In this model, our customers have complete discretion to collect, store, process, export, disclose and remove data stored in the cloud environment.

According to the Information Security Technology Personal Information Security Specification ((GB/T 35273-2020) (《信息安全技術個人信息安全規範(GB/T 35273-2020)》) promulgated by the State Administration of Market Supervision and Administration (國家市場監督管理總局) and the National Standardization Administration (國家標準化管理委員會), collection is the act of obtaining control over personal information. Our PRC Legal Adviser has advised us that since we only provide cloud resources for clients to store and process data and do not access clients' data without their authorisation, the ownership of such data belongs to our clients.

### **Data usage and processing**

We strictly execute a data accessing and transmitting policy to ensure the confidentiality of client data. For example, we require our employees to obtain clients' authorisation before performing any client requests.

Also, we are only allowed to access, use or disclose any data that stored in the cloud environment, unless specifically allowed by our customers and authorised by our customers to carry out limited system maintenance and technical support services, which may include helping clients resolving problems they have in using our SaaS services.



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Our rights and obligations for using or processing data are disclosed in our privacy policies, which may include: (i) enabling our services and ensuring our products and services function properly; (ii) allowing us to provide ongoing product support; and (iii) assisting with regulatory investigations or other legal proceedings in accordance with applicable laws and regulations, and court or administrative orders.

### Data storage and transmission

All user information and data we receive in China are stored and preserved within China, and no cross-border transmission of users' data is involved in our business.

### Data protection

We have obtained ISO 27001 Information Security Management System Certification, and our system is on file with the relevant public security authorities in China with a Level 3 information system security level. We implement a vigorous data privacy and security regime to ensure data security of our customers and car users.

- Data access. We have clear and strict authorisation and authentication procedures and policies in place. Our employees only have access to data which is directly relevant and necessary for their responsibilities and for limited purposes and are required to verify authorisation upon every access attempt.
- Data encryption. To protect our customers' personal data, we implement encryption storage technologies to safeguard our customers' data. Neither we, the cloud service providers or other third parties are able to access the data of our customers' end customers.
- Restrictions on third-party service providers. We cooperate with the market-leading third-party cloud service provider, and ensure that the third-party cloud service provider to comply with its collection and protection policies, and the relevant laws and regulations relating to cybersecurity through service agreements. According to our service agreement with the third-party cloud service provider, cloud services users maintain full control of data stored on the cloud computing platforms. The third-party cloud service provider does not access, use or disclose user data without authorisation, unless as necessary to maintain or provide services or to comply with laws, regulations, or requests of governmental or regulatory authorities. The third-party cloud service provider defends against network security threats by adopting necessary technical measures; and the third-party cloud service provider will be liable for any failure to provide cloud services caused by its own fault. We also implement encryption methods to prevent data breach. Public clouds operate under a multi-tenant architecture, which allows multiple users to access the cloud resources while each user's data is logically separated and remains isolated from the data of other users. Therefore, other users of public clouds have no access to our clients' data stored on the cloud computing platforms.

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We have established company-wide policies to cover various aspects of network security and data privacy and protection. We have adopted and implemented various cybersecurity and data protection policies which set out technical and organisation measures to protect users' data privacy and security, including: Data Security Management System (《數據安全管理制度》), Management Program for Information Security Risks (《信息安全風險管理程序》), Management Program for Information Security Incidents (《信息安全事件管理程序》), Management Program for Information System Development and Maintenance (《信息系統開發與維護管理程序》) and Emergency Response Plans for Network Security Incidents (《網絡安全事件應急預案》). We have an internal team dedicated to formulating data protection policy and monitoring data security practices. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material information leakage or loss of data.

Our Data Security Management System outlines the classification of sensitive data, protection of sensitive data, rules for data usage, and guidelines for data destruction. The Employee Handbook of our Company clearly defines the management requirements for accountability for the leakage of confidential information. During new employee onboarding training, the importance of maintaining information confidentiality is emphasised for all new hires. The Human Resources Department of the Human Administration Center is responsible for supervising employee behaviour, reporting, and handling any disciplinary actions for violations such as leaking confidential corporate information or breaching confidentiality policies.

Our Server Security Management System and Database System Management Measures standardise the operation and monitoring of information systems. Business systems are deployed based on cloud servers, utilising security protection tools provided by cloud service providers to safeguard server content and business data; the internal control system is deployed based on local physical data centers, where the platform's Research and Development Center - Operations Department network administrators are responsible for the databases. External computers in the data center have no direct access to the databases to prevent illegal copying of data.

Our Information Security Management Manual and related password policies specifies the complex hierarchical levels for login passwords for various network devices and databases. Within the company's information systems, apart from Djia Smart Car Life (嘀加智享車生活), which enforced the password strategy, as at the Latest Practicable Date, other information systems did not impose password strategy restrictions such as password length, password strength and validity period for user login accounts.

We are also required to comply with relevant requirements under the Automobile Data Security Provisions. Pursuant to the Automobile Data Security Provisions, automobile data operators shall conduct risk assessment for its important data operating activity, and report it to relevant government authorities. As our business and the services we provide involve the collection of certain information and data mainly for user account registration and ongoing product support purposes, which may be deemed as

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“important data” by regulators under the Automobile Data Security Provisions, we have completed and submitted the automobile data security management report to competent government authorities in accordance with the Automobile Data Security Provisions. Furthermore, pursuant to the Automobile Data Security Provisions, when an automobile data operator needs to make a cross-border transferring of important data for business purpose, such operator needs to pass the security assessment organised by CAC and other relevant government authorities. Our Directors confirm that we do not conduct any cross-border transfers of important data, thus the security assessment aforementioned is not applicable to us.

Our PRC Legal Adviser is of the view that, during the Track Record Period and up to the Latest Practicable Date, we have complied with all applicable cybersecurity and data privacy laws and regulations in the PRC in all material aspects.

Please refer to the paragraph headed “Risk Management and Internal Control—Data privacy and information security risk management” in this section for further details on the Group’s risk control policies on data privacy and information security management.

## COMPETITION

We face competition in the automotive aftermarket industry primarily from other connected services providers of the automotive aftermarket industry. For example, domestic and international OEMs (including NEV manufacturers) and other auto parts manufacturers may be much larger in terms of their business scales and the resources at their disposal (including but not limited to capital and research and development capabilities). The increasing trend of incorporating advanced technology by OEMs can result in heightened in-vehicle hardware product competition, particularly as these OEMs may provide products similar to ours with potentially better performance or pricing. Further, other auto parts manufacturers in the automotive aftermarket sector may offer in-vehicle hardware products that are comparable or superior in terms of quality, technology and price and compete with us.

Furthermore, competition also arises from OEMs directly selling vehicles with integrated hardware, potentially bypassing the aftermarket altogether and offering a complete package to consumers. This means that OEMs may not only offer standalone in-vehicle hardware products but also sell vehicles that come pre-equipped with advanced hardware solutions. This strategy allows OEMs to provide consumers with an integrated experience, including both the vehicle and its embedded hardware, without the need for aftermarket installations. As a result, this direct sale approach from OEMs adds another dimension to the competition faced by us as aftermarket in-vehicle hardware provider, as consumers may opt for these comprehensive solutions directly from the vehicle manufacturer. Therefore, the market size of sales of in-vehicle hardware may decrease in the longer term.

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Additionally, hardware and software companies, who do not yet offer products and services for the connected services in the automotive aftermarket industry, may expand to offer their own in-vehicle hardware products and SaaS marketing and management services using their technologies, such potential competitors may include in-vehicle hardware products manufacturers and software service providers. It is also possible for other automotive aftermarket players (e.g. companies that provide traditional auto parts and accessories) to branch out and compete with us in offering Internet-connected vehicle hardware.

Despite potential competition from OEM manufacturers and other auto parts providers, our Directors believe that our in-vehicle hardware business remains competitive due to the following factors: (i) we specialise in customised in-vehicle hardware that meets the growing demand for connected services in China’s automotive aftermarket, offering more growth opportunities compared to traditional auto parts; (ii) our focus on automotive aftermarket customers, particularly 4S stores, has built a diverse customer base, unlike other providers whose business often involves generic products for OEMs, which may not result in strong relationships with automotive aftermarket customers; and (iii) we have strengths in special areas such as SaaS marketing and management services, which enhance our range of offerings and synergise with our hardware sales, improving our selling ability.

Our in-vehicle hardware products were mainly installed into ICEVs during the Track Record Period, and we anticipate that the revenue from our sales of in-vehicle hardware products for ICEVs would continue to maintain sizable notwithstanding a decreasing trend in sales of ICEVs in China. According to CIC, ICEVs accounted for more than 90% of the total passenger car parc in 2023, and this share is expected to be approximately 80% by 2028. Therefore, ICEV passenger vehicles are expected to continue to occupy a significant portion of the automotive aftermarket. However, the in-vehicle hardware products market is highly fragmented and the total revenue of sales of in-vehicle hardware products for the automotive aftermarket industry is only expected to increase from RMB6.7 billion in 2023 to RMB7.4 billion in 2028 at a CAGR of 2.2%, according to the CIC Report. Please refer to “Risk Factors—Failure to effectively navigate and capitalise on ICEV and NEV industry trends could negatively impact our financial performance and prospects.” in this document for further details.

In particular, our in-vehicle infotainment system products are mainly installed into ICEVs manufactured by joint-venture OEMs between multinational brands and domestic brands. Our in-vehicle safety system products are mainly adapted by ICEVs and during the Track Record Period were installed in a number different brands and classes of vehicles including joint-venture OEMs between multinational brands and domestic brands, domestic brand OEMs and also a small proportion of luxury foreign OEMs. According to the CIC Report, joint-venture brands and domestic brands collectively accounted for 87.0% of the overall automotive market share in China in 2023 in terms of new vehicle sales volume, and are expected to reach 91.7% in 2028. Additionally, while most vehicle manufacturers pre-install hardware products, the majority of vehicle

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models, especially mid-range and low-end vehicle models, are installed with basic hardware products, which are different from the more advanced in-vehicle hardware products sold in the automotive aftermarket such as the in-vehicle hardware products we offered. On these bases, the market for sales of in-vehicle hardware products is expected to continue its growth in the following five years.

Our in-vehicle hardware demand and market share are expected to grow mainly due to: (i) we are expanding into the after-sales market of 4S stores to upgrade existing cars' equipment, with stable revenue trends year on year during the Track Record Period; (ii) we are increasing our customer base and market share. According to the CIC report, we ranked third in terms of revenue generated from sales of in-vehicle hardware products for automotive aftermarket industry in China in 2023 with a 3.4% market share; and (iii) the market size for automotive aftermarket hardware is rising steadily, and we are focusing on growing our share by introducing products that meet market demand. We believe our competitive advantages lie in our position in the SaaS marketing and management services space, our long experience in the automotive aftermarket industry and our ability to achieve connectedness of those hardware, our research and development capabilities, and the clients resources that we have accumulated over the years. We believe that we are well-positioned to compete effectively on the basis of the foregoing factors. Please refer to the section headed “Industry Overview” in this document for further information on the competitive landscape of our industry.

Nevertheless, some of our existing and potential competitors may have greater financial, business, management, technological, technical, marketing and other resources than we do and may be able to invest greater resources to the development, promotion, sale and supporting of their products and services. For further details, please refer to the section headed “Risk Factors—Risks Relating to Our Business and Industry—We face intense competition in the market that we operate in. If we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be adversely affected” in this document.

In addition, we also face competition for highly skilled personnel, including management, software engineers and sales and marketing staff. Our growth depends in part on our ability to retain our skilled workforce and attract additional highly skilled employees. See “Risk Factors—Risks Related to Our Business and Industry—Our financial performance may be adversely affected by our need to recruit and retain experienced technical and sales and marketing staff, and increasing staff costs”.

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### AWARDS AND ACHIEVEMENTS

Our operations have accomplished a number of milestones and we have obtained a number of awards, certificates and recognition after years of development. Some of the significant awards, certificates and recognition we received are set out below:

Awards/associations	Award/issuing organisation	Issuing year
Executive member (常務理事單位) of CADA	CADA	2012
China Automobile Dealing Industry Business Service Model Innovation Award (中國汽車流通行業經營服務模式創新獎)	CADA	2016
“Internet+” Performance Pioneer Award for the China Automobile Dealing Industry (中國汽車流通行業「互聯網+」實踐先鋒獎)	CADA	2017
Member of Automotive Aftermarket Committee of China Auto Dealers Chamber of Commerce (中華全國工商業聯合會汽車經銷商商會後市場委員會)	Automotive Aftermarket Committee of China Auto Dealers Chamber of Commerce	2019
19th Shenzhen Enterprise Innovation Record (第十九屆深圳企業創新記錄)	Shenzhen Enterprises Innovation Record Approval Committee and Shenzhen Enterprises Innovation Record Organisation Committee (深圳市企業創新記錄審定委員會、深圳市創新記錄組織委員會)	2020
Shenzhen Top Brand (深圳知名品牌)	Shenzhen Top Brands Evaluation Committee (深圳知名品牌評價委員會)	2020
Guangdong Province Enterprise of Observing Contract and Valuing Credit (廣東省守合同重信用企業)	Shenzhen Administration for Market Regulation (深圳市市場監督管理局)	2021
2021 Internet of Vehicles Solution Golden Finger Award (2021年度車聯網解決方案金手指獎)	China (Dawan District) International Car Networking Conference Organisation Committee (中國(大灣區)國際車聯網大會組委會)	2021
Member of the Shenzhen Association for Artificial Intelligence (深圳市人工智能學會理事單位)	Shenzhen Association for Artificial Intelligence (深圳市人工智能學會)	2022

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<b>Awards/associations</b>	<b>Award/issuing organisation</b>	<b>Issuing year</b>
Specialised, Sophisticated, Distinctive and Innovative Small and Medium Enterprises (專精特新中小企業)	Shenzhen Small and Medium Enterprise Service Bureau (深圳市中小企業服務局)	2023
High and New Technology Enterprises (高新技術企業)	Shenzhen Science and Technology Innovation Commission (深圳市科技創新委員會), Shenzhen Finance Bureau (深圳市財政局) and Shenzhen Taxation Bureau of State Taxation Administration (國家稅務總局深圳市稅務局)	2023
22nd Shenzhen Enterprise Innovation Record (第二十二屆深圳企業創新記錄)	Shenzhen Enterprises Innovation Record Office (深圳市企業創新記錄辦公室)	2023
2022 Automotive Electronics Science and Technology Award for Excellent Innovative Product (2022年度汽車電子科學技術獎優秀創新產品獎)	Shenzhen Automotive Electronics Industry Association (深圳市汽車電子行業協會)	2023
2022-2023 Excellence Award for Scientific and Technological Innovative Data and Cyber Security of the Internet of Vehicles (2022-2023車聯網科技創新數據與網絡安全卓越獎)	China (Dawan District) Car Networking Conference Organisation Committee (中國(大灣區)車聯網大會組委會) and Guangdong Hi-Tech Enterprise Association (廣東省高新技術企業協會)	2023
Best Employer Talents Development Award (最佳僱主人才發展獎) in the 10th Shenzhen Growth Enterprise Best Employer Award (第十屆深圳成長型企業最佳僱主)	Shenzhen General Chamber of Commerce (深圳市商業聯合會)	2023

## INTELLECTUAL PROPERTY

We have obtained key intellectual property and proprietary rights in relation to the operation of our business. Our intellectual property includes trademarks and trademark applications related to our brands, services and software copyrights. We seek to protect our intellectual property assets and brands through a combination of trademark, patent, copyright and trade secret protection laws in the PRC and other jurisdictions, as well as through confidentiality agreements and other measures. As at the Latest Practicable

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Date, we had registered over 110 trademarks in the PRC, one registered trademark in Hong Kong, have been granted 28 patents and holding nine patent applications, and had registered over 40 registered software copyrights and six copyrights in the PRC that are material to our business.

As at the Latest Practicable Date, we had ten registered domain names that are material to our business. As at the Latest Practicable Date, we did not license any of our intellectual property rights to any third parties. Our Directors confirm that we were not involved in any material disputes or legal proceedings in respect of any intellectual property rights infringement that may be threatened or pending, in which we may be involved whether as claimant or respondent as of the Latest Practicable Date. If any third-party infringement claims are maliciously or intentionally brought against us, we will defend against such claims regardless of their merits. Please refer to the section headed “Risk Factors—Risks Relating to Our Business and Industry—We may be vulnerable to intellectual property infringement claims brought against us by others.” in this document for further details.

For further details, please refer to “Statutory and General Information—B. Further Information about Our Business—2. Our Material Intellectual Property Rights.” in Appendix IV to this document.

We also use software licensed from third parties, primarily including software and development tools provided by our cloud service providers, open-source software (such as Android) and regular office software.

As at the Latest Practicable Date, we had not received any material infringement claims nor had we filed any infringement claim against any third parties.

## EMPLOYEES

As at 31 December 2023, we had 225 full-time employees. Our full-time employees are mainly located in Shenzhen, Guangdong province, the PRC. The following table sets out the number of our full-time employees by function as at 31 December 2023.

<b>Function</b>	<b>Number of Employees</b>
Senior management . . . . .	9
Sales and marketing . . . . .	62
Research and development . . . . .	77
Operations and supporting . . . . .	49
General and administrative . . . . .	28
<b>Total</b> . . . . .	<b>225</b>



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We recruit our employees from the open market. We are committed to recruiting, training and retaining skilled and experienced people throughout our operations. When we make hiring decisions, we take into account factors such as our business strategies, our development plans, industry trends and the competitive environment. We recruit our employees based on a number of factors such as their work experience, educational background and vacancy needs. We endeavour to attract and retain appropriate and suitable personnel to serve our Group.

The remuneration packages for our employees include salary, bonuses and allowances. As required by the PRC regulations, we participate in social insurance schemes operated by the relevant local government authorities and maintain pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance for some of our employees. We also contribute to housing provident funds for some of our employees.

We provide continuing education and training programmes to our employees to improve their skills and develop their potential. We also adopt evaluation programmes through which our employees can receive feedback. We foster strong employee relations by offering various staff benefits and personal development support. Our Company has also established a labour union to protect employees' rights and encourages employee participation in the management of our Company. Our Directors considered that our Group have maintained good relationship with our employees.

During the Track Record Period, we have also hired certain dispatched labour from an employment agency to support 4S stores' offline sales, while the number of dispatched labour did not exceed 10% of the total number of our labour force. As advised by our PRC Legal Adviser, employment relationship only exists between the employment agency and the dispatched labour. We are responsible to pay service fees to the employment agency and explain job requirements to the labour. The employment agency is responsible for paying salaries to the dispatched labour and contributing to social security insurance according to the relevant PRC laws and regulations. In 2022, we did not continue our dispatch cooperation with the employment agency. As at the Latest Practicable Date, we had no dispatched labour.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in the recruitment or any disruption to our operations due to labour disputes or claims.

## INSURANCE

We maintain commercial insurance, compulsory motor insurance and product liability insurance. We also make contributions to social insurance for some of our employees in accordance with the applicable laws and regulations. We however do not maintain any business interruption insurance, insurance policies covering damages to our network infrastructures or information technology systems. We review our insurance

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policies from time to time for adequacy in the scope of coverage. We believe our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in the PRC. During the Track Record Period and up to the Latest Practicable Date, we had not made, neither had we been the subject of, any insurance claims which are of a material nature to our Group. There are certain risks for which we are not insured for, and we may not have sufficient insurance coverage for damages and liabilities that may arise during the course of our business operations. Please refer to the section headed “Risks Factors – Risks Relating to Our Business and Industry – Insurance coverage may not be adequate, and increased insurance costs could adversely affect our results of operations.” in this document for further details.

### LEASED PROPERTIES

As at the Latest Practicable Date, we leased 13 properties for use as offices, research and development centres, warehouses, operating premises and dormitories in the Guangdong province, Chongqing municipality, Tianjin municipality and the Sichuan province in the PRC with lease expiry dates ranging from 30 June 2024 to 24 February 2026. As at the Latest Practicable Date, we did not own any real property. We believe that our leased properties are adequate to meet our current needs, and that we will be able to obtain adequate properties, principally through leasing of additional properties, to accommodate our future expansions.

### LEGAL PROCEEDINGS AND COMPLIANCE

#### Legal proceedings

We may from time to time become a party to various litigation, arbitration or administrative proceedings arising in the ordinary course of our business. During the Track Record Period and up to the Latest Practicable Date, there were no litigation, arbitration or administrative proceedings pending or threatened against us or any of our Directors which could have a material and adverse effect on our business, financial condition or results of operations.

#### *Contractual dispute with a customer*

In May 2020, Shenzhen City Yuechuangda Technology Co., Ltd. (深圳市悅創達科技有限公司) (“**Shenzhen Yuechuangda**”) initiated a civil claim against Guanglian Saixun for breach of contract in relation to the processing services of car displays, and demanded Guanglian Saixun to pay RMB2.29 million and accrued interest for the services provided. In August 2020, Guanglian Saixun filed its counter-claims, demanding (a) to rescind the purchase order and the outsource order entered into between Guanglian Saixun and Shenzhen Yuechuangda, and (b) Shenzhen Yuechuangda to return 32,409 pieces of touch screens or pay for the monetary damages. In July 2021, the Shenzhen Longhua District People’s Court (廣東省深圳市龍華區人民法院) ruled that (a) Guanglian Saixun should pay RMB2.08 million for the goods

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and accrued interest for overdue payment to Shenzhen Yuechuangda, and (b) Shenzhen Yuechuangda should return 4,639 pieces of touch screens to Guanglian Saixun. Subsequently, Shenzhen Yuechuangda and Guanglian Saixun reached a settlement in December 2021, it was agreed that Guanglian Saixun should pay approximately RMB1.71 million to Shenzhen Yuechuangda. The settlement was completed on 8 December 2021. As advised by the PRC Legal Adviser, there is no recourse that may be brought about by Shenzhen Yuechuangda in respect of this specific alleged breach of contract.

### **Non-compliance incidents**

Our Directors confirm that, save as disclosed below, our Group had conducted our operations and carried out our business in compliance with the relevant laws and regulations in the PRC during the Track Record Period and up to the Latest Practicable Date in all material aspects:

#### ***Failure to make social insurance fund contributions and housing provident fund contributions in full in the PRC in full compliance with the Social Insurance Law and the Housing Provident Fund Regulations and engagement of a third party payment agent to make contributions of social insurance and housing provident funds***

During the Track Record Period and up to the Latest Practicable Date, we failed to make adequate social insurance and housing provident fund contributions as required by relevant PRC laws and regulations which did not fully comply with provisions of the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) (the “**Social Insurance Law**”) and the Regulations on the Administration of Housing Provident Fund of the PRC (《中華人民共和國住房公積金管理條例》) (the “**Housing Provident Fund Regulations**”). During Track Record Period, we engaged a third party payment agent to make contributions of social insurance and housing provident fund on its behalf because we were not able to open local deposit accounts for the purpose of social insurance and housing provident fund for certain employees, which was not in compliance with the aforesaid regulations.

#### *Underlying causes*

The non-compliance incident in relation to the shortfall in payment and engaging a third party agent to make contributions of social insurance and housing provident fund were due to (i) the insufficient understanding of the applicable PRC laws and regulations relating to social insurance fund and housing provident fund contributions; and (ii) absence of professional advice for our staff at the material time.

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### *Relevant laws and regulations*

According to the Social Insurance Law, enterprises are obliged to apply for social insurance registration with local social insurance agencies and pay premiums on behalf of their employees by reference to their actual income. If an enterprise fails to pay the required premiums on time or in full, the authorities in charge will demand the enterprise to settle the overdue amount within a stipulated time period and impose a 0.05% overdue fine per day from the date on which the payment is overdue. If the overdue amount is still not settled within the stipulated time period, an additional fine in an amount of one to three times of the overdue amount will be imposed.

According to the Housing Provident Fund Regulations, enterprises must register with the competent managing centre for housing funds and open an account in a bank for the deposit of employees' housing funds. Employers are required to contribute, on behalf of their employees, to housing funds on time and in full. Any employer who fails to fully contribute may be ordered to make up the difference within a stipulated time limit, and the provident fund administration centre may apply to the People's Court for mandatory enforcement against those who still fail to comply after the expiry of such period.

### *Potential impact on our Company*

With respect to the failure to make adequate social insurance contributions, our PRC Legal Adviser advised us that for the outstanding social insurance contribution that accumulated during and after the Track Record Period, the late payment fee equals to 0.05% of the outstanding amount calculated daily starting from the date the relevant insurance funds became overdue. If we fail to make such payments within a stipulated period, we may be liable to a fine of one to three times the outstanding contribution.

With respect to the failure to make adequate housing provident fund contribution, our PRC Legal Adviser advised us that the housing provident fund management centre shall order the company that is overdue in the payment and deposit of, or underpays the housing provident fund, to make the payment and deposit within a prescribed time limit, failing which the housing provident fund management centre may ask the court to take enforcement measures against such company to collect the outstanding housing provident fund.

With respect to the engaging a third party agent to make contributions of social insurance and housing provident fund, as advised by our PRC Legal Adviser, we have rectified the arrangement of engaging the third party agent by setting up subsidiaries in locations where our existing employees work in order to directly pay for their social insurance and housing provident funds without engaging third party agents.

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As at the Latest Practicable Date, no administrative action or penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions, nor had we received any notice or demand from any competent authorities ordering us to make any shortfall of the payments for the social insurance fund and housing provident fund contributions. We were also not aware of any material complaint filed by any of our employees regarding our social insurance and housing provident fund policy.

We have obtained confirmations from and interviewed with the relevant local governmental authorities covering substantially all of our employees that: (i) no administrative penalties had been imposed on us for the shortfall during the Track Record Period and up to the date of the confirmation, and (ii) they normally would not initiate regulatory action to compel us to make supplementary contributions or impose any penalty on us. Our PRC Legal Adviser has advised us that such local governmental authorities are competent to provide the foregoing confirmations.

According to the Notice of the General Office of the State Administration of Taxation on the Work Relating to the Collection and Administration of Social Insurance in a Steady and Orderly Manner (《國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知》) issued by the General Office of the State Administration of Taxation on 13 September 2018 and the Urgent Notice of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the Executive Meeting of the State Council to Effectively Stabilise the Collection of Social Insurance (《人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) issued by the General Office of the Ministry of Human Resources and Social Security on 21 September 2018, local governmental authorities are prohibited from taking their own enforcement measures to investigate and collect the outstanding social insurance.

As advised by our PRC Legal Adviser, assuming there is no material change to current laws and regulations and the practice in regulatory policies implementation and inspection of local governments, based on the Company's confirmation and the facts stated above and the confirmations from and interviews with relevant authorities, in the absence of material employees' complaints, the likelihood that we would be required by relevant authorities actively to pay shortfall for social insurance and housing provident fund contributions collectively or being subject to material administrative penalties due to our failure to provide full social insurance and housing provident funds contributions for our employees or the engagement of the third party agent to make contributions of social insurance and housing provident fund contributions is low.

We have also received the confirmations from Mr. Zhu Hui and Mr. Zhu Lei, members of our Controlling Shareholders Group, dated 12 May 2023, undertaking that in case that our Company incurs economic losses if it is required by the relevant government authorities to make full repayment of the outstanding amounts and/or pay relevant penalties, they will indemnify the Company for such payments so that the

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Company will not suffer from economic losses in this regard. As a result, we did not make any provisions to cover the shortfall in social insurance and housing provident fund contributions during the Track Record Period and up to the Latest Practicable Date.

We have taken actions with a view to make contributions in full for all employees of our subsidiaries in the future, which include communications with employees in seeking their understanding and cooperation, so as to comply with the basic contribution rates as applicable while it also requires additional contribution from our employees. According to relevant policies of the local governments, adjustments to basic contribution rates will generally be made by the authorities in the PRC within a specified period in a year, and the adjustments will generally be made once a year. As at the Latest Practicable date, as confirmed by our Directors, we have completed the rectification of the social insurance and housing fund contributions for our employees to the extent practicable and subject to the conditions permitted by local social insurance and housing fund policies in the places where our PRC subsidiaries are located. Based on the currently applicable laws and regulations, the adjustments for social insurance and housing fund base rates is scheduled to be made in January, July, or December, with only one annual adjustment permitted. Our Company will keep track with the timeline specified by local government and endeavour to complete all rectifications in a timely manner.

Based on the above, our Directors are of the view that the non-compliance incidents in relation to social insurance fund and housing provident fund contributions will not have a material adverse impact on our Group's operations and financial conditions.

### *Internal control measures adopted*

We have adopted or will adopt the following internal control measures:

- we have provided and will continue to provide regular trainings to our employees in relation to social insurance fund and housing provident fund contributions compliance requirements and the relevant laws and regulations;
- we have adopted a set of internal policies in relation to social insurance fund and housing provident fund contribution, and we will continue to maintain the arrangement that our local subsidiaries shall make their own social insurance and housing provident fund contributions instead of engaging any third-party agent to do so;
- we will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds;
- the calculation of the social insurance fund and housing provident fund would be prepared by administrative department and be reviewed by our finance department on a monthly basis in order to mitigate the risk of material non-compliances with relevant laws and regulations; and

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- we have set up subsidiaries in locations where our existing employees work and will directly pay for their social insurance and housing provident funds without engaging third party agents. Since June 2023, the Group has been making social insurance and housing provident fund contributions through its own local subsidiaries.

### ***Failure to register lease agreements with relevant PRC authorities***

Pursuant to the applicable PRC laws and regulations, property lease contracts must be registered with the local branch of the housing and real estate authority. As at the Latest Practicable Date, we had not completed lease registration for the 13 properties we leased in the PRC, primarily due to the difficulty of procuring our lessors' cooperation to register such leases. The registration of such leases will require the cooperation of our lessors. We will take all practicable and reasonable steps to procure that the unregistered leases are registered. However, it is out of our Group's control on whether the lessor will cooperate to register such leases. Our PRC Legal Adviser has advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under PRC laws, and has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is RMB130,000. During the Track Record Period and up to the Latest Practicable Date, we have not received any notice from any regulatory authority regarding potential administrative penalties resulting from our failure to register the aforementioned lease agreements. Our Directors are of the view that such non-registration would not have a material adverse effect on our business operations.

To the best of our knowledge, as at the Latest Practicable Date all of the landlords of our leased properties were Independent Third Parties. The lessors of four of our leased properties had not provided us with valid title certificates or relevant authorisation documents evidencing their rights to lease the properties to us, and these properties are used as our operating premises and dormitories. As a result, these leases may not be valid, and there are risks that we may not be able to continue to use such properties. As advised by our PRC Legal Adviser, if any third party raises claims against the ownership or leasing rights of such properties, our leases in respect of such properties may be affected. In light of in the event that we are not able to continue to use such properties due to the defective titles of such properties, we believe that we will be able to find comparable properties as alternatives without imposing any material adverse effect on our business, financial condition and results of operation, our Directors are of the view that such properties with defective titles are not individually or collectively crucial to our business operations.

As a result of the reasons above, we believe that the defects of our leased properties would not materially and adversely affect our business operations.

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### ***Non-compliance incident in relation to the Product Quality Law***

During the Track Record Period, we had an incident of non-compliance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the “**Product Quality Law**”) as one of our in-vehicle hardware products was found to be not in compliance by Chongqing Administration for Market Regulation (重慶市市場監督管理局) (the “**Bureau**”) with a national standard due to inadequate awareness of the applicable standards to such products at that time and the accidental oversight of the requirements by one of our suppliers while we did not identify such non-compliance. On 28 September 2021, the Bureau imposed an administrative penalty on Guanglian Saixun for a total fine of RMB387,621. Our PRC Legal Adviser advised that this incident will not have a material adverse impact on our operations and financial condition, mainly due to (i) according to the Decision on Administrative Penalty issued by the Bureau on 28 September 2021, as Guanglian Saixun has taken the initiative to recall the non-compliant products and eliminate the consequences of such non-compliance incident, a lighter administrative penalty was imposed on Guanglian Saixun; (ii) the amount of fines for this incident was low and close to the minimum level of fines provided for in Article 50 of the Product Quality Law, and was not considered a serious circumstance by the Bureau to lead to the revocation of business license or to criminal liability; and (iii) Guanglian Saixun has paid the fine in full on 28 September 2021. We did not suffer any pecuniary loss from recalling the non-compliant products as we subsequently rectified and resold the products. As confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, Guanglian Saixun had no other administrative penalty levied on it on its products or services, and such penalty did not have a material adverse impact on our financial condition or results of operations during the Track Record Period.

In response to this incident, we have carried out a comprehensive investigation on our products and revised our product quality control procedures by unifying the production information, formulating the product standards, strengthening the product testing system and implementing a supplier qualification and approval procedure. We have adopted the measures to strengthen internal supervision by designating a quality control manager to closely monitor and review product test and the national standards that applicable to our products, and ensure that our internal control measures are properly carried out and the products sold meet the national standards. Save for this incident, our Directors confirm that there has been no further contravention with the Product Quality Law by our Group during the Track Record Period and up to the Latest Practicable Date, that had resulted in any administrative penalty being levied on us by any governmental authority, and therefore the Directors consider the internal controls that have been put in place to monitor and control our in-vehicle hardware product quality have been adequate and effective. Nothing has come to the attention of the Sole Sponsor that would reasonably cast doubt on such views of our Company in any material respect.



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### LICENCES, APPROVALS AND PERMITS

According to the relevant PRC laws and regulations, we are required to obtain certain licences, approval and permits for our business operation. As advised by our PRC Legal Adviser, (i) we have obtained all material licences, approvals and permits required in the course of our business operation during the Track Record Period and up to the Latest Practicable Date; (ii) all such licences, approvals and permits remain valid as at the Latest Practicable Date; and (iii) there were no major legal obstacles for us to continue to hold such licences, approvals and permits as at the Latest Practicable Date.

As at the Latest Practicable Date, our Group has obtained the following key licences, approvals and permits to carry out our business and operation:

<u>Licence</u>	<u>Holder</u>	<u>First grant date</u>	<u>Expiration date</u>	<u>Renewal requirements</u>
ICP License (Information services business (Internet information business only)) (增值電信業務經營許可證(信息服務業務(僅限互聯網信息業務)))	Guanglian Saixun	27 September 2013	22 November 2026	Submit renewal application 90 days prior to expiration
ICP License (Information services business (Internet information business only)) (增值電信業務經營許可證(信息服務業務(僅限互聯網信息業務)))	Hanhuaxing Technology	21 June 2023	21 June 2028	Submit renewal application 90 days prior to expiration
ICP License (Online Data Processing and Transaction Processing Business (e-commerce only)) (增值電信業務經營許可證(在線數據處理與交易處理業務(僅限經營類電子商務)))	Dijia Smart Cloud	29 December 2023	26 December 2028	Submit renewal application 90 days prior to expiration

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<u>Licence</u>	<u>Holder</u>	<u>First grant date</u>	<u>Expiration date</u>	<u>Renewal requirements</u>
Class B certificate of surveying and mapping qualification (乙級測繪資質證書)	Guanglian Saixun	22 November 2016	10 November 2026	Submit renewal application 90 days prior to expiration
National High and New Technology Enterprise (國家高新技術企業)	Guanglian Saixun	19 June 2015	22 December 2024	Submit renewal application 90 days prior to expiration
National High and New Technology Enterprise (國家高新技術企業)	Guanglian Shuke	16 October 2023	15 October 2026	Submit renewal application 90 days prior to expiration
Capability Maturity Model Integration (CMMI-DEV) V2.0 at Maturity Level 3	Guanglian Shuke	28 October 2022	28 October 2025	Submit renewal application 90 days prior to expiration
GB/T 19001-2016/ISO 9001:2015 Quality Management System Certificate	Guanglian Shuke	27 March 2023	26 March 2026	Submit renewal application 90 days prior to expiration
ISO/IEC 20000-1:2018 Information Technology Service Management Systems Certificate	Guanglian Shuke	8 September 2023	7 September 2026	Submit renewal application 90 days prior to expiration
GB/T 19001-2016/ISO 9001:2015 Quality Management System Certificate	Guanglian Saixun	21 July 2017	20 July 2026	Submit renewal application 90 days prior to expiration

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<u>Licence</u>	<u>Holder</u>	<u>First grant date</u>	<u>Expiration date</u>	<u>Renewal requirements</u>
GB/T 22080-2016/ISO/IEC 27001:2013 Information Security Management System Certificate	Guanglian Shuke	1 August 2022	31 July 2025	Submit renewal application 90 days prior to expiration
Level-3 Information System Security Protection of Information System (網絡系統三級安全等級保護備案證明)	Guanglian Shuke	12 October 2022	N/A	N/A

We renew all existing licences, approvals and permits to comply with the relevant laws and regulations. Our Directors had confirmed that there were no foreseeable major obstacles for us to renew such licences, approvals or permits as at the Latest Practicable Date.

## ENVIRONMENT, SOCIAL AND GOVERNANCE

### Corporate governance

#### *Compliance management*

We have always attached great importance to compliance operation. In strict compliance with the Company Law of the People’s Republic of China (《中華人民共和國公司法》) and other relevant regulations, we developed the Internal Control Management System and Risk Management System to ensure our legal and compliant operation and management, safeguard asset security, ensure the accuracy and integrity of financial reports and related information, enhance operational efficiency and effectiveness, and facilitate our Group in achieving its development strategies.

We integrate the fundamental process of risk management across all aspects of corporate management and operational activities. We actively cultivate a robust risk management culture and establish a comprehensive and well-structured risk management system. Our Board is responsible for the overall design of our risk control system. It formulates objectives and implementation requirements for the risk management system and oversees the effectiveness of the risk management framework, internal control system and organisational structure. The Audit Committee is delegated by our Board with responsibilities to establish and update our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

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### **Business ethics**

To effectively prevent corruption, fraud, and other illicit practices, we have established the Anti-Bribery and Anti-Corruption Management Guidance to enhance the standardised and institutionalised construction of corporate governance and internal controls.

Meanwhile, the Anti-Fraud and Anti-Bribery Governance Committee (the “**Dual Anti-Governance Committee**”) has been established to be responsible for the implementation of anti-fraud and anti-bribery work. The responsibilities of Dual Anti-Governance Committee encompass various aspects, including the enhancement of the company’s anti-fraud and anti-bribery corporate culture, the handling of reports related to violations of the established protocols, investigations, reporting, and appropriate actions.

Also, we have established a reporting mechanism against any unethical situation within the organisation. The mechanism allows both employees and business partners to report any fraudulent, bribery-related, or other improper activities associated with our operations via a designated reporting email. Upon receiving the reports, the Dual Anti-Governance Committee forms a dedicated working group to conduct internal investigations. Following the investigation, an investigation report will be compiled, and appropriate actions will be taken if necessary. At the same time, the whistleblowers’ reports, complaints, or disclosures will be kept confidential to ensure that whistleblowers and investigators will not face retaliation or any form of discrimination, opposition, or adverse consequences.

<b>Indicator</b>	<b>Unit</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Cases	0	0	0
Anti-corruption training times	Times	0	4	3
Average hours of anti-corruption training attended by employees	Hour(s)	0	0.5	0.5

### **ESG governance**

Our Board has the overall responsibility for our Environment, Social and Governance (“**ESG**”) reporting and strategies. Meanwhile, we have established a comprehensive, well-structured, clearly defined, and operationally efficient ESG governance framework. This framework delineates the roles and responsibilities of personnel at various levels, departments, and positions, providing organisational support for the implementation of ESG initiatives within our Group. The ESG committee

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of our Company (the “**ESG Committee**”) comprises members who are executives and directors of the company, led by the general manager. As the highest decision-making body for ESG matters, the ESG Committee is primarily responsible for formulating, reviewing, and overseeing our ESG strategies, plans, execution, and implementation.

Also, each functional department is required to designate an ESG liaison person who assists the department head in implementing the annual ESG work plan and regularly reports to the ESG Committee. The ESG Committee holds regular and ad hoc meetings, with at least one regular meeting per year. After receiving quarterly or annual ESG progress reports from each functional department, the ESG Committee summarises, discusses, and makes decisions on key issues identified in the progress reports.

### *Materiality assessment*

In order to determine the material ESG topics of our Group, we engaged an external consultant to conduct a materiality assessment in 2023. We identified key ESG issues by taking into consideration of the requirements of the ESG Guide, the latest industry trends and peer benchmarking results. The material topics were prioritised based on the stakeholders’ feedback in online surveys. Internally, we have solicited feedback from our employees and management. Externally, we have engaged shareholders and investors, customers, the public and community, as well as suppliers and business partners in this exercise. Our Board has reviewed and approved the findings and conclusion of the Materiality Assessment. As advised by our external ESG consultant, our Group’s ESG metrics are generally higher than the industry average.

Among the 19 sustainability topics identified, there were seven highly material issues:

- Privacy and Data Security
- Compliance Management
- Customer Service
- Research and Innovation
- Intellectual Property Protection
- Product Quality and Safety
- Employee Training and Development

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### *Stakeholder engagement*

We attach great significance to communication with stakeholders. We engage with our stakeholder groups through various approaches, from casual day-to-day interactions and meetings to formal surveys, to understand their expectations and respond to their concerns. For example, it includes forums and conferences, corporate announcements, investor conferences surveys and interviews.

### **Social responsibility**

#### ***Project responsibility***

We are dedicated to maintaining the high quality of our products through the effective application of the quality management system. We developed various policies and standards such as Software Project Quality Control and Management Specification to establish the standardised and systematic quality assurance processes, covering quality direction, quality objectives, quality assurance and quality assessment. We also established a Project Management System which set out the responsibilities and processes to ensure the effective execution of R&D projects.

In order to maintain effective product quality control, we have implemented regular quality assessment based on functionality, performance and security. Prior to selling our products, we conduct product testing in accordance with national standards. Based on the testing results, we generate detailed reports summarising the testing process and results and identify the improvement areas to further enhance product quality and performance. Besides, we regularly conduct spot checks at suppliers’ production sites to ensure consistency between factory production and product samples.

In the event of product complaints or recalls, we have a robust process in place to address and resolve customer concerns promptly and effectively. Aligned with our Customer Complaint Management Measures, we have established robust customer complaint management procedures to handle and analyse customer complaints and feedback, and make recommendations on remedies. Also, we strive to seek continuous product quality improvement. We conduct monthly quality meetings, where we review the previous month’s product quality status and gather market feedback to drive improvements.

Indicator	Unit	2021	2022	2023
Customer complaints on products/services	Cases	17	22	15
Handling rate of customer complaints	%	100	100	100
Complaint response time	Hour(s)	1	1	1
Percentage of total products sold or shipped that were subject to recall for safety and health reasons	%	0.015	0	0

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### ***Customer service***

#### *Customer satisfaction*

By putting customers first, we deliver customer-centric products and services and are dedicated to continuously improving our services. As such, the following digital services are developed and adopted to enhance customer service efficiency and satisfaction:

- **Member benefits service:** Our Dijia SaaS offers member benefits to car user customers of our 4S store customers through high-frequency car life benefits, low-frequency car maintenance benefits and customised benefits by 4S stores.
- **One group serving one customer service:** We establish dedicated WeChat groups for individual stores and car users which allow dedicated teams in insurance, second-hand cars, and repairs to respond to customers' enquiries on our products and handle ad hoc post-sales service requests in a timely manner.
- **Smart solicitation service:** Using the solicitation of regular maintenance services of car users as an example, our Dijia SaaS offers the linkage among the various steps of individual customer management functions such as user identification, grouping (regular maintenance group grouping), marketing push (regular maintenance group precise marketing) and effect monitoring (push result feedback). Through the transformation of the digital marketing system, the regular maintenance solicitation of car users has become more efficient, and low-cost and results becoming measurable.
- **SaaS marketing and management services:** We provide functions such as direct customer reach, automated data labelling and user management and precise marketing push. These functions empower our 4S store customers to simplify and automate their workflow and help them achieve customer acquisition and enhance their sales performance.

To understand customers' expectations and opinions regarding the products and services, we conduct customer satisfaction surveys regularly. In 2023, we conducted customer satisfaction surveys to evaluate their satisfaction with the product usage and achieved an overall satisfaction rate of over 90%.

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### *Privacy and data security*

We place an unwavering emphasis on data security and the safeguarding of users’ personal information. To achieve this, we have established a comprehensive information security and privacy protection framework. Also, our data security policies such as the Personal Information Security Strategy are in place to effectively implement data security protection measures and mitigate information security risks. By adopting a proactive and robust approach, we are dedicated to upholding the highest standards of data protection and ensuring the privacy and security of our users’ personal information.

Our information security and privacy protection framework is built upon internationally recognised standards such as ISO 27001 Information Security Management System, in conjunction with relevant laws and regulations including the Cybersecurity Law (《網路安全法》), YD/T 2781-2014 Telecommunication and Internet Service User Personal Information Protection—Definitions and Classifications (《YD/T 2781-2014電信和互聯網服務使用者個人資訊保護定義及分類》) and other management specifications. Our use of technology complies with the requirements of the ISO 27001 Information Security Management System, as well as national and local regulations. Our data security policy ensures that data is collected for legitimate purposes and strongly discourages the misuse of technologies that track, analyse and collect user behaviour.

Furthermore, as an additional pillar in our ongoing commitment to safeguarding customer privacy and data security within our exclusive Dijia SaaS and HuGe e-Shield SaaS, we have implemented the Three-level Transparency System. This system has been specifically designed to ensure transparency in data collection, usage, and protection, providing our valued customers and 4S dealers with clear and comprehensive information about how their data is handled. By prioritising transparency, we actively enhance customer trust and further strengthen their privacy and data security.

### **Research and innovation**

#### *Intellectual property protection*

To standardise our patent work, promote technological innovation, and establish independent intellectual property rights, the Patent Management Measures is developed in accordance with relevant regulations such as the Patent Law of the People’s Republic of China (《中華人民共和國專利法》) and the Implementing Regulations of the Patent Law of the People’s Republic of China (《中華人民共和國專利法實施細則》). Under the guidance of the Patent Management Measures, we utilise patent information to keep track of domestic and international patent applications that are relevant to us.

On the one hand, in cases where the company obtains patent rights through employee inventions, rewards are provided to the inventors or designers of the service inventions in accordance with the relevant provisions of the Patent Law and its implementing regulations. On the other hand, once an employee’s service invention is



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granted a patent certificate, a copy of the patent certificate is provided to the inventor or designer. The patent and its implementation benefits are recorded in the employee’s technical and business files, serving as important criteria for technical job appointments and promotions. Cash Incentive Policy is also set to the inventors of service inventions.

Furthermore, we established Computer Software Management Measures, which aims to protect the company’s copyrights in computer software, encourage software development, promote computer application, and regulate the interests involved in software development, dissemination, and use. These measures are developed based on regulations such as the Regulations on the Protection of Computer Software and the Methods for Registration of Computer Software Copyright (《計算機軟件保護條例》、《計算機軟件著作權登記辦法》).

### *Research and renovation*

Apart from the Cash Incentive Policy in Patent Management Measures and Computer Software Management Measures as mentioned above, we also have a strong R&D team, which accounts for approximately 35% of our total workforce, to drive our research and development innovation. Our continuous R&D efforts have obtained multiple certifications and recognitions from various organisations and entities. For instance, we have obtained certifications such as ISO 9001, ISO 20000, CMMI (“Capability Maturity Model Integration”) Level 3, and Information System Security Level 3, and have been recognised as a national high-tech enterprise since 2021.

Our range of in-vehicle hardware products enables connectivity and features such as navigation assistance, collision detection, and online entertainment. These products and services empower our customers at 4S stores to establish stronger connections with their car users and offer comprehensive solutions that encompass hardware, software, and services. Our primary product offerings consist of in-vehicle infotainment systems, in-vehicle safety systems, and core boards. In 2023, we facilitated communication between our 4S store customers, automotive financing and leasing company customers, and their respective car user customers, with a frequency exceeding eight times on average.

### ***Supplier chain management***

We have established the Supplier Management System to evaluate and select suppliers, ensuring that they can provide high-quality materials at reasonable prices on a long-term and stable basis, while meeting our environmental, occupational health, and safety requirements. In addition to assessing suppliers’ financial capabilities, business performance, and quality standards such as ISO9001, ISO14001, TS16949, and 3C certification, we also place significant emphasis on environmental standards and human rights protection in manufacturing enterprises, and prioritises cooperation with companies that have performed well according to the results of inspections. For example, we conduct on-site inspections to verify whether labours have a safe working

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environment and assesses if there were any significant strikes, labour disputes, or whether raw materials, semi-finished products, or other materials in the production process are recycled and comply with China’s national energy-saving and emission reduction policies.

In addition, to uphold our business ethics principles, ethical clauses are included in procurement contracts. For instance, the suppliers should adhere to the principles of professionalism, transparency, integrity, and fairness throughout the contract period. Also, all forms of corruption and bribery are strictly prohibited. Suppliers are required to establish and implement effective control systems to combat any behaviour that harms the interests of both parties and the public interest. Soliciting, accepting or offering advantages beyond the agreement stipulations, including kickbacks, cash, shopping cards, goods, securities, travel, or other intangible benefits, are strictly prohibited. Any violation constitutes a serious breach, and the contract will be terminated immediately.

Additionally, our Group actively engages suppliers through supplier conferences and provides training on ESG matters to suppliers. For example, we will explore the implementation of sustainable development plans and joint sustainable development initiatives related to new product development within the supply chain based on the industry landscape during the conferences.

<u>Indicator</u>	<u>Unit</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Number of total suppliers	number	96	77	89
– Mainland	number	96	77	89
Number of suppliers with the code of business ethics in their contract terms and conditions	number	96	77	89

### ***Talent management***

#### *Employment management*

Employees are regarded as our most valuable assets. We strictly comply with the Labour Law of the People’s Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People’s Republic of China (《中華人民共和國勞動合同法》) and other relevant regulations. In addition, we have formulated management policies including Recruitment Management System, Personnel Management System, Employee Benefits Handbook, Compensation Management System and Employee Handbook to standardise employment practices and safeguard the rights and interests of our employees. Child labour and forced labour of any form are strictly prohibited. We strictly review the age and background of all job applicants during the recruitment process. In case of any violation, we would conduct immediate investigations and take appropriate measures.

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We provide competitive packages to attract and retain talents. In addition to statutory social insurance and supplementary commercial insurance, we provide our employees with holiday gifts, marriage and childcare gifts, and funeral benefits. Also, employees are entitled to paid annual leave, marriage leave, maternity leave, bereavement leave, breastfeeding leave and prenatal check leave beyond national statutory holidays.

### *Employee training and development*

We value the growth and development of employees and are dedicated to providing opportunities for our employees to develop their strengths and maximise their potential. We developed the Training Management System and Employee Career Development Management System, and established a systematic training plan and development programme to support the growth and development of our staff at different grades.

We provide equal, fair and transparent promotion channels to support employees in achieving their career goals. We offer a dual career path where employees can choose either the professional or management path based on their preferences and strengths. To enhance employees’ abilities and performance, we have developed a performance management system which encompasses goal setting, performance interviews, performance appraisals and feedback. We conduct performance evaluations quarterly or monthly based on the nature of the employee’s role and award the staff according to their appraisal results.

In order to empower staff at all levels, We provide a wide range of online and offline training tailored to their individual needs and positions, covering general, professional and management skills.

Training evaluations are conducted regularly to assess the effectiveness of the training through surveys, allowing us to continuously improve the quality of training.

Indicators		Unit	2021	2022	2023
Percentage of employees trained (by gender)	Male	%	53	56	55
	Female	%	47	44	45
Percentage of employees trained (by employee category)	Senior management	%	4	5	5
	Middle management	%	8	8	9
	Staff	%	88	87	86
Average training hours per employee (by gender)	Male	Hours	4.6	4.6	6.2
	Female	Hours	5.5	4.4	5.9
Average training hours per employee (by employee category)	Senior management	Hours	7.1	5.7	5.9
	Middle management	Hours	9.1	5.5	6.3
	Staff	Hours	4.6	4.4	6.1

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### *Occupational health and safety*

We strictly abide by laws and regulations such as the Work Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》) and the Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》) and the Fire Protection Law of the People’s Republic of China (《中華人民共和國消防法》). To ensure workplace safety and raise employees’ awareness, we conduct regular inspections of fire-fighting facilities, as well as conduct drills and training in emergency response and procedures. Furthermore, safety equipment including first-aid boxes is accessible in easily accessible areas. In the past three years, there were no work-related fatalities occurred.

To promote health and well-being, we organise shoulder and neck massage activities for employees to help them alleviate fatigue and provide weekly sports activities such as badminton, basketball and football. Apart from physical health, we also pay attention to employees’ mental health. A “Tree hole” and “Emotional shredder” mailboxes are set up which allow employees to anonymously raise concerns and express emotions.

<u>Indicator</u>	<u>Unit</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
No. of work-related fatalities	Cases	0	0	0
No. of working days lost due to work-related injuries	Days	0	0	0

### *Diversity and equal opportunity*

We strive to build a diverse, equitable and inclusive workplace that enables people with different backgrounds to thrive together. Transparent and fair recruitment, compensation and promotion have been established. Discrimination or harassment on the grounds of gender, nationality, ethnicity, race, religion or disability are not tolerated. Every employee enjoys equal access to our benefits and career opportunities such as promotion and training programs. We are also committed to providing equal pay for equal work for employees across all gender identities.

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Additionally, we have established multiple recruitment channels such as campus recruitment, social recruitment and internal referral to attract talent. We exercise fairness throughout the candidate selection process and provide equal interview opportunities for qualified candidates.

Indicator	Unit	2021	2022	2023
Total number of employees	Person	222	262	225
Total number of employees (by employee category)	Senior management	8	8	9
	Middle management	24	28	24
	Staff	190	226	12
Total number of employees (by gender)	Male	130	149	126
	Female	92	113	99
Total number of employees (by age group)	Age 30 or below	101	122	99
	Age between 31 - 50	118	135	122
	Age 51 or above	3	5	4
Total number of employees (by geographical region)	Mainland China	222	262	225
	Overseas	0	0	0
	Hong Kong and Macau	0	0	0
Total employee turnover rate	%	51.8	30.5	33.6
Employee turnover rate (by gender)	Male	46.9	16.1	25.8
	Female	58.7	14.3	43.6
Employee turnover rate (by age group)	Age 30 or below	66.3	16.2	45.6
	Age between 31 - 50	36.9	14.1	24.5
	Age 51 or above	0	0.2	16.7
Employee turnover rate (by geographical region)	Mainland China	51.8	30.5	33.6
	Overseas	0	0	0
	Hong Kong and Macau	0	0	0

### ***Contribution to community and charity***

While developing our own business, we uphold social responsibility and actively participate in charitable donations and volunteering. We organised a clothes donation to Baijingyu (白鯨魚), a clothes recycling platform, and collected a total of 108 pieces of used clothes, a piece of 53 toys and 41 pieces of books. Also, we held a charity sale and the money raised was donated to China Children and Teenagers' Fund (中國兒童少年基金會).

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In addition, we actively collaborate with our industry partners to foster the development of standards and guidelines to support industry development. For example, we developed “Purchase specification for automobile decoration products” (《汽車裝飾用品採購規範》) and “Specifications of sales and after-sales services on automobile suppliers” (《汽車用品銷售及售後服務規範》). These guidelines outline the requirements for selling and after-sales services of automotive products, as well as the procurement process of automobile decoration products.

### Environmental responsibility

We adhere to green development and have set long-term goals for green operations.

<u>Long-term Goals</u>	<u>Our Action</u>	<u>Achievements in 2023</u>
Continuous reduction in energy consumption	<ol style="list-style-type: none"><li>Promote the use of renewable products</li><li>Water conservation</li></ol>	Reduce domestic waste intensity; achieve a reduction in water withdrawal for both office and warehouse areas, as well as our stores.
Progressive reduction in carbon emissions	<ol style="list-style-type: none"><li>Enhance energy management</li><li>Prioritise the use of natural light</li><li>Purchase energy-efficient appliances</li><li>Encourage public transportation</li></ol>	Reduce electricity consumption in office areas, warehouses and stores; reduce vehicle emissions.

### Clean technology opportunities

We are committed to providing customers with digital platforms and services to reduce the environmental impact of enterprises in order to promote sustainable development in society.

For example, we launched the voice assistant to realise efficient user communication. It offers customer service calls that integrate the speech experience, tone, dialect and other characteristics of the store renewal specialist. It can effectively help reduce resources required in physical stores such as air-conditioning and lighting use and ultimately reduce electricity use and carbon emissions.

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### **Waste management**

We strictly abide by the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and other relevant laws and regulations and are developing environmental management policies on waste management.

We strive to reduce waste generation and improve resource management in order to minimise the impact of our operation on the environment. For example, we prioritise the use of double-sided and black-and-white printing, promote the use of recyclable products, as well as set up more microwave ovens and refrigerators to encourage employees to bring their lunch boxes.

The hazardous waste including batteries, fluorescent tubes and toner cartridges generated in the office operation is properly stored at designated points and regularly collected by qualified third parties. Based on 2023 generation levels, we have set the following 2024 waste reduction targets.

<b>Indicator</b>	<b>Unit</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 reduction target</b>
<b>Non-hazardous Waste</b>					
General wastes disposed	tonne	15.85	18.72	17.55	3%
Paper consumption	tonne	0.500	0.835	0.787	4%
<b>Hazardous Waste</b>					
Toner cartridges	tonne	0.049	0.058	0.050	8%
Fluorescent tubes/LED light tubes	piece	45	55	50	4%
Batteries	piece	15	17	15	6%

### **Water resource management**

While strictly following the Water Pollution Prevention and Control Law of the People’s Republic of China (《中華人民共和國水污染防治法》) and other relevant laws and regulations, we are establishing environmental management policies on water management.

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We are committed to the responsible use and management of water resources. Our water used is municipally sourced, which is considered adequate and fit for use, and thus we do not encounter any problems in sourcing water. Yet, we strive to reduce water consumption by taking a series of measures, including posting water-saving signs and conducting regular inspections to ensure the water taps are turned off after use. Additionally, we adopt biodegradable and phosphate-free agents to minimise the adverse impacts on water quality. Based on the 2023 consumption level, we have set the following 2024 water consumption reduction targets.

Indicator	Unit	2021	2022	2023	2024 reduction target
Municipal water use	m <sup>3</sup>	6,311	7,451	7,133	6%
Water use Intensity	m <sup>3</sup> per employee	28.4	30.8	31.7	1%

### ***Energy resource management***

We strictly comply with the requirements of the Energy Conservation Law of the People’s Republic (《中華人民共和國節約能源法》) and other relevant laws and regulations and are formulating environmental management policies on energy use management and carbon reduction. Electricity is the key contributor to our energy use and our major indirect source of GHG emissions. To reduce energy consumption, we have been implementing a range of energy-saving initiatives to enhance energy efficiency and raise employee’s awareness of energy conservation.

A few key energy-saving measures are highlighted below:

- |                                  |  |
|----------------------------------|--|
| Electrical Lights and Appliances | <ul style="list-style-type: none"> <li>• Use LED for lighting in office areas and maximise the use of natural light where possible;</li> <li>• Conduct regular checking to ensure the lights and appliances are turned off when areas are unoccupied;</li> <li>• Post signs in the conference rooms to remind employees to switch off the air conditioners;</li> <li>• Select energy-efficient products whenever possible when purchasing new electronic appliances</li> </ul> |
|----------------------------------|--|



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- Air Conditioner
  - Periodically clean the filter and conduct maintenance for the air conditioners to enhance its efficiency;
  - Set the air conditioner temperature to 26°C;
  - Keep windows, doors and curtains closed to preserve heat and save energy when using the air conditioners
- Vehicles
  - Request vehicle use approval to reduce unnecessary car use and record and verify the vehicle usage record to prevent unnecessary vehicle use

Based on the energy consumption in 2023, we have set the following targets to reduce energy consumption in 2024.

<u>Indicator</u>	<u>Unit</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<b>2024 reduction target</b>
Gasoline consumption	litre	9,380	11,083	10,500	1%
Electricity consumption	kWh	329,056.31	388,496.24	385,284.73	5%
Electricity consumption intensity	kWh per employee	1,482.24	1,605.36	1,598.69	6%

***Response to climate change***

Guided by the national goals of carbon peaking and carbon neutrality, we have been actively exploring ways to advance adaptation and mitigation. We recognise the potential impact of climate change on our business. For example, extreme weather events such as floods and storms may seriously affect our business operations and lead to service interruptions. As such, we have established emergency procedures and response mechanisms for extreme weather to mitigate the impact on our business operations. Going forward, we plan to implement climate change action plans for our operations following the Task Force on Climate-Related Financial Disclosure (TCFD) framework.

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Our Scope 1 direct greenhouse gas (GHG) emissions come from gasoline consumed in our own vehicles during our operations. Scope 2 indirect GHG emissions come from purchased electricity consumed in our offices, stores and warehouses. We are committed to reducing carbon emissions and minimising our operational carbon footprint. Apart from the aforementioned energy efficiency measures, we encourage employees to adopt green commuting practices, strengthen the approval process for vehicle requests to reduce unnecessary trips and reduce paper consumption to further reduce greenhouse gas emissions. Based on 2023 emissions, we have set the following 2024 carbon emissions reduction target.

Indicator	Unit	2021	2022	2023	2024 reduction target
Scope 1 Emissions	tonnes of carbon dioxide equivalent	20.91	24.71	23.41	1%
Scope 1 Emissions Intensity	tonnes of carbon dioxide equivalent per fleet	3.5	4.1	3.9	1%
Scope 2 Emissions	tonnes of carbon dioxide equivalent	187.66	221.56	219.73	5%
Scope 2 Emissions Intensity	tonnes of carbon dioxide equivalent per fleet per employee	0.8	0.8	0.9	1%
Scope 3 Emissions – Business Travel	tonnes of carbon dioxide equivalent	/	45.10	72.79	/

Our Scope 3 emissions mainly stem from purchased goods and services, transportation and distribution and business travel. We have conducted emission calculations for business travel within Scope 3. It is anticipated that from the second half of 2024 to 2025, there will be an expansion of the emission calculation scope to gradually include other categories of emissions such as transportation and distribution, purchased goods and services. Based on current data, we propose the following emission reduction measures for Scope 3 emissions: (a) Establish a green procurement system and incorporate carbon emission levels into procurement standards; and (b) Increase the proportion of green and low-carbon transportation tools, and reduce the consumption of fossil fuels. Taking the Scope 3 emissions calculated in the second half of 2024 as the baseline, we expect a 20% decrease in Scope 3 emissions by 2035.

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### *ESG metrics peer benchmarking*

We selected three peers for peer benchmarking of ESG metrics. Currently, we manage approximately 70 ESG indicators. The number of ESG indicators managed is higher than that of our peers, and the categories of indicators are more diverse and complete. However, as we are in the rapid development stage, the figures of ESG indicators are lower than those of our mature peers, such as the total number of employees, the number of new intellectual property rights filed and the number of patents filed during the reporting period, and so on, which are significantly different from those of our peers. Our resource consumption and greenhouse gas emissions are also much lower than those disclosed by our peers. In environmental indicators, our Scope 1 and Scope 2 greenhouse gas emissions is lower than that of our peers; in social indicators, we have a higher percentage of female employees, but our number of intellectual property rights and the number of hours of training for our employees are slightly lower than that of our peers.

Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, identifying key performance indicators and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board may assess or engage Independent Third Parties to evaluate the ESG risks and review our existing strategy, target and internal controls. Necessary improvement will then be implemented to mitigate the risks.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material fines or other penalties due to non-compliance with health, work safety, environmental and social regulations.

### **CORPORATE GOVERNANCE**

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal procedures of our Group so as to achieve accountability and adhere to best corporate governance practices, and we are committed to ensure the lawful, ethical and responsible operation of our Group’s businesses. Our Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Hong Kong Listing Rules, and we have put in place internal compliance policies that set out our compliance requirements so as to ensure consistency with the code provisions in the CG Code. The Board is supported by four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee, with delegated responsibilities to oversee our Group’s affairs and are authorised to act on behalf of the Board in accordance with their respective terms of reference and the applicable provisions in the Corporate Governance Code. Each Board committee will review, report and make recommendations to the Board on matters relevant to their roles and responsibilities.

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Our Directors have delegated the responsibility of supervising the financial reporting process and internal compliance matters to the audit committee of the Company, which in turn supervises our internal audit function that monitors the daily implementation of our internal compliance policies and conducts internal compliance reviews.

To ensure that the Group's employees are well-versed with the Group's requirements on internal control, our employees are required to strictly adhere to the matters to the employee handbook during their employment with the Group. In addition, our Group also provides both regular and ad hoc trainings to our employees to familiarise them with our internal compliance policies and equip them with the necessary knowledge for effective and consistent implementation of our internal compliance policies.

Our Company is also committed to having a strong independent element of our Board, and our independent non-executive Directors who possess the requisite qualifications and extensive experience in his/her respective areas of expertise and experience, which we believe would allow for effective exercise of independent judgement in our Board. Please refer to "Directors and Senior Management—Independent non-executive Directors" for the experience and qualifications of our independent non-executive Directors".

As at the Latest Practicable Date, to the best of the knowledge, information and belief of our Directors, our Company did not deviate from the applicable code provisions of the CG Code.

### **RISK MANAGEMENT AND INTERNAL CONTROL**

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continually improving these systems. We have adopted and implemented comprehensive risk management policies in various aspects of our business operations such as information technology, financial reporting, and internal control. The Audit Committee (with delegated authority from the Board) is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each subsidiary and functional department.

#### **Data privacy and information security risk management**

We pay close attention to risk management relating to our information technology, as storage and protection of our customers' data and users' data from our SaaS and related information is critical to us. To ensure data security, we have adopted a rigorous encrypted algorithm to store sensitive data and strictly execute a data accessing and transmitting policy to ensure the confidentiality of our data. We have also developed strict internal control and data accessing mechanisms and detailed approval and

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operation procedures regarding data storage and processing. We have established a set of internal protocols on data security, which sets out detailed, stringent requirements in relation to the use, disclosure and protection of confidential information. Among other things, such internal protocols:

- provide limited authorisation to our employees holding specific positions at specific levels to access and process customer data on a need-to-know basis, who shall use such data only for the purposes of performing their work assignment; and
- require our employees to obtain customers' authorisations before performing any customer requests.

We also provide data privacy trainings to employees on a periodic basis to increase their compliance awareness. In addition, employees are required to sign a confidentiality agreement with us, which prohibits them from disclosing any confidential information relating to their work without our consent.

We also have a comprehensive data backup system to encrypt and store data on servers in different locations in order to minimise the risk of data loss. In addition, we conduct data restore tests to examine the status of the backup system on a regular basis. Furthermore, we have set up a specialised information security team which is directly led by Mr. Shen Jian (沈劍先生), our chief technology officer. The information security team is responsible for inspecting and reporting any suspicious data deriving and transmitting activities, as well as enhancing our data protection system pursuant to the changes of laws and regulations and technology development. Meanwhile, this team takes charge of reviewing, discussing and improving our technologies in managing information security and our internal control system to ensure adequate protection is given to our data.

### **Compliance risk management**

In order to effectively manage our compliance and legal risk exposures, we have adopted strict internal procedures to ensure the compliance of our business operations with the applicable rules and regulations. In accordance with these procedures, our in-house legal department performs the basic function of reviewing and updating the form of contracts we enter into with our customers, suppliers and other business partners. Our legal department examines the contract terms and reviews all relevant documents for our business operations, including licenses and permits obtained by the counterparties to perform their obligations our business contracts and all the necessary underlying due diligence materials, before we enter into any contract or business arrangements.

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Our in-house legal department is responsible for obtaining any requisite governmental pre-approvals or consents, including preparing and submitting all necessary documents for filing with relevant government authorities, within the prescribed regulatory timelines. We continuously improve our internal policies according to changes in laws, regulations and industry standards, and update internal templates for legal documents. We undertake compliance management over various aspects of our operations and employee activities. We have also established an accountability system in respect of employees' violations of laws, regulations and internal policies. In addition, we also review the implementation of our risk management policies and measures to ensure our policies and implementation are effective and sufficient. We have an employee code of conducts in place, which contains internal rules and guidelines regarding basic working rules, work ethics, confidentiality, negligence, anti-bribery and anti-corruption. We provide our employees with regular training and resources to explain the guidelines contained in the employee code of conducts.

### Financial reporting risk management

We have in place a set of policies in connection with our financial reporting risk management, such as financial reporting management, internal audit, investment management, and budget management. We also have procedures in place to implement such policies, and our financial department reviews our management accounts and internal control procedures based on such procedures. In addition, we provide regular training to our financial department staff to ensure that they understand our accounting policies and procedures.

### Internal control

It is responsibility of our Board to ensure that our Company maintains sound and effective internal controls to safeguard our Shareholders' investment and our Group's assets at all times. We have adopted a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- **Code of Conduct.** Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour.
- **Internal audit.** Our internal audit team regularly monitors key controls and procedures in order to assure our management that the internal control system is functioning as intended. The audit committee is responsible for supervising our internal audit function.

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- ***Anti-corruption and anti-bribery.*** Our anti-corruption and anti-bribery policies provide the tools and resources necessary to enable, monitor and enforce full compliance with the anti-bribery and anti-corruption laws of the PRC and other countries where we conduct our business operations. In order to comply with the applicable laws and regulations in relation to anti-corruption and anti-bribery, we have established and implemented anti-corruption and anti-bribery policies and measures to prohibit all forms of bribery and corruption acts or intention of such acts. The policy also sets out the requirements of a company-wide anti-bribery and corruption training and disciplinary actions to be taken in situation of violation of the policy and/or relevant laws and regulations, including termination of employment and bringing forward to legal proceedings. We have also put in place a whistle-blowing system which is overseen by the audit committee of our Board.
- ***Whistleblowing and Investigation.*** The Group has adopted a whistleblowing policy and employees are encouraged to report any suspected behaviours of bribery and dishonesty, as well as other issues related to corporate social responsibility to the Group or the staff committee in confidence and anonymity, either in writing or over the phone. All cases will be properly investigated in a strict, meticulous and timely manner.
- ***Appropriate training.*** We regularly provide training to our Directors, senior management and employees with respect to our internal control policies and the duties and responsibilities of directors and management of [REDACTED] companies under the Listing Rules and other applicable laws and regulations.
- ***Compliance with Listing Rules.*** Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by our Directors.

Our Directors are of the view that our current internal control measures are adequate and effective during the Track Record Period and up to the Latest Practicable Date.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP**

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### **OUR CONTROLLING SHAREHOLDERS GROUP**

As at the Latest Practicable Date, Mr. Zhu Lei and Mr. Zhu Hui were entitled to exercise the voting rights attached to approximately 51.33% of the total issued share capital of the Company, among which, (i) Mr. Zhu Lei and Mr. Zhu Hui were each interested in approximately 10.89% and 26.13% of our total issued share capital, respectively, and they together were interested in approximately 37.02% of our total issued share capital pursuant to the Acting in Concert Confirmation, and (ii) they are being entrusted by, among others, J-Visionary, ZZ-Intelligent and Rongying BVI to exercise the voting rights attached to approximately 14.31% of our total issued share capital pursuant to the Voting Rights Entrustment Agreement, for the purpose of further enhancing the decision making efficiency at the general meetings of the Company and ensuring the effective implementation of the strategy of our Group at the Shareholder level.

Immediately following the completion of the [REDACTED] (without taking into account any Shares to be issued upon the exercise of any options granted under the Share Option Scheme), Mr. Zhu Lei and Mr. Zhu Hui, directly and indirectly through entrusted by J-Visionary, ZZ-Intelligent and Rongying BVI, will be entitled to exercise approximately [REDACTED]% of the voting rights of the Company, without taking into account any Shares to be issued upon the exercise of any options granted under the Share Option Scheme. For details of our Controlling Shareholders Group, see "History, Reorganisation and Corporate Structure" and "Directors and Senior Management" in this document.

Being a member of the acting in concert group and an indirect shareholder of the Company, Mr. Zhu Hui's influence is limited to that of a shareholder of our Group. Mr. Zhu Hui has not been and will not be involved in the day-to-day management of our Group's operations. Mr. Zhu is an executive general partner or manager of a number of investment funds and companies with diverse investment interest among different industries, and he [has confirmed] he wishes to focus his attention on those investments and does not intend to become involved in the decision making of the Company or other members of our Group since Mr. Zhu Hui has relied on and intends to continue relying on his elder brother, Mr. Zhu Lei, together with the other members of the Board and the senior management team of our Company for overall supervision, management and execution of business operation of our Group.

### **Acting in Concert Confirmation**

Mr. Zhu Lei, Mr. Zhu Hui, through their controlled entities (namely Future Expectations, ZL-expectations, Future Tendency and ZH-tendency) have been exercising their shareholders' rights of each of our subsidiaries. As Mr. Zhu Lei and Mr. Zhu Hui are a group of individuals and Future Expectations, ZL-expectations, Future Tendency and ZH-tendency are a group of special purpose vehicles that were set up and controlled by them, prior to the commencement of the preparing of the [REDACTED] the acting in concert arrangement was not formalised in writing, and Mr. Zhu Lei and Mr. Zhu Hui had no disagreement with these arrangements based on their personal relationship and the trust and confidence they have in each other.



## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP**

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On 28 April 2023, in preparation for the [REDACTED], members of our Controlling Shareholders Group executed the acting in concert confirmation (the "**Acting in Concert Confirmation**"), in which they confirmed and undertook that, since they became shareholders of our Group and up to a period of five years after the date of the Acting in Concert Confirmation, they have been and will be parties acting-in-concert with respect to each of our Company and its subsidiaries from time to time.

Members of our Controlling Shareholders Group have further confirmed to each other that, for the entire duration when they were/are contemporaneously either the legal owners of shares in each of the subsidiaries, and/or being beneficiaries of the businesses of our Company and any of its subsidiaries from time to time:

- (a) members of our Controlling Shareholders Group have agreed to, and shall continue to, consult each other and reach a consensus among themselves on matters which are the subject of any shareholders' resolution prior to putting forward any such resolution to be passed at any shareholders' meeting of our Company and its subsidiaries from time to time;
- (b) in respect of any shareholders' resolution, if our Controlling Shareholders Group fails to reach a unanimous opinion after repeated discussions and negotiations, each member of our Controlling Shareholders Group has agreed that the voting opinion of Mr. Zhu Lei shall be the final unanimous voting opinion of our Controlling Shareholders Group;
- (c) each member of our Controlling Shareholders Group confirms that he/it did not and will not do any action (or any non-action) or exercise (or not to exercise) any of his/its voting rights which may be available to him/it from time to time over any of the shares in our Company and its subsidiaries from time to time in contravention of his/its respective obligations;
- (d) each member of our Controlling Shareholders Group has confirmed to each other that, he/it will strictly comply with the lock-up undertaking(s) that may be given by our Controlling Shareholders Group in connection with the [REDACTED];
- (e) if any member of our Controlling Shareholders Group is unable to attend the shareholders' meeting, he/it shall appoint another member of our Controlling Shareholders Group to attend the meeting and exercise the voting rights according to the consensus reached by our Controlling Shareholders Group; if all members of our Controlling Shareholders Group are unable to attend the shareholders' meeting, they shall jointly appoint a proxy/proxies to attend the meeting and exercise the voting rights according to the consensus reached by all members of our Controlling Shareholders Group and grant specific authorisation to the voting opinion of such proxy/proxies;

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP**

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- (f) each member of our Controlling Shareholders Group has agreed with each other that he/it did use and will continue to use his/its best endeavours to ensure that all major matters concerning our Company and the subsidiaries from time to time shall be communicated to each other so as to ensure that a consensus may be reached in a timely manner;
- (g) each member of our Controlling Shareholders Group has enjoyed, and shall continue to enjoy, the economic benefits generated from the businesses of the Company and the subsidiaries from time to time, which include but shall not be limited to, dividends declared or to be declared (if any) and other distributions from the businesses of our Company and its subsidiaries from time to time;
- (h) where there was or is any suitable business opportunity or project for our Company and its subsidiaries from time to time, members of our Controlling Shareholders Group have engaged in, and shall continue to engage in, discussions as to whether they should participate and, if so, in whose name they should participate and the extent of participation in terms of investment and management; and
- (i) our Controlling Shareholders Group has centralised, and shall continue to centralise, the ultimate control and right (directly or indirectly) to make final decisions with respect to their interests in the businesses of our Company and its subsidiaries from time to time.

Our Controlling Shareholders Group has agreed that the Acting in Concert Confirmation shall not be amended or terminated unless agreed in writing by all members of the Controlling Shareholders Group.

## **INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP**

In the opinion of our Directors, our Group is capable of carrying on our business independently of, and does not place undue reliance on, our Controlling Shareholders Group or its associates or any other parties, taking into account the following factors:

### **Management Independence**

Our management and operational decisions are made by our Board and senior management. Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Mr. Zhu Lei, being a member of our Controlling Shareholders Group, also holds directorships in our Company and certain of our subsidiaries.

Since all of our executive Directors have substantial experience in their respective expertise areas and/or in the industry in which our Group is engaged, we believe that they will be able to make business decisions that are in the best interest of our Group. In

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP**

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addition, the business of our Group has been operated under substantially the same management throughout the Track Record Period and up to the Latest Practicable Date. Further, our Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Our Company is committed to the view that our Board should include a strong element of independence and we have appointed independent non-executive Directors who have extensive industry experience and who we believe are able effectively exercise independent judgment. Our independent non-executive Directors, details of whom are set out in "Directors and Senior Management" in this document, individually and together possess the requisite knowledge and experience to be a member of our Board. All of our independent non-executive Directors are sufficiently experienced and we believe that they will provide impartial and professional advice to protect the interests of our minority Shareholders.

Our Directors and senior management are familiar with the fundamentals of our Group's business, its operations and are informed about our Group's activities. Our Company has established (i) the Audit Committee, (ii) the Remuneration Committee, (iii) the Nomination Committee and (iv) the Strategy Committee. Each committee has its own written terms of reference and will perform their respective functions in accordance its terms of reference with delegated authority of the Board.

Each Director understands that he/she owes primary duties to our Company and is aware of his/her fiduciary duties as a Director which requires, among others things, that he/she must act for the benefit of and in the best interests of our Company and shall avoid any conflict between his/her personal interests and those of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) and their respective associate(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Our Company has also established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. Save as disclosed in "Connected Transactions", our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders Group upon or shortly after the [REDACTED].

Having considered the above factors, our Directors are satisfied that our Board as a whole together with our senior management team are able to make independent operational decisions having regard to their own knowledge of our Group and their experience and skills.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP**

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### **Operational Independence**

Our Company is capable of making independent operational decisions. Although one members of our Controlling Shareholders Group, is our Chairman and one of our executive Directors, our Directors believe that such would not prevent our Company from making and implementing our own decisions in our business operations.

We also have independent access to our customers and our suppliers. In addition, our organisational structure is well established to align with the day-to-day operation of the business with the organisational aims. Each department in our organisational structure is empowered to deal with specific areas of responsibilities and performs independently, subject to the final confirmation and approval of our Board.

In addition, our Group performs our own development of hardware and software, and also owns (or possesses valid licenses of) the material intellectual property rights that are necessary to our business operations, and we are not reliant on any intellectual property rights that are owned by our Controlling Shareholders Group or its associates.

Accordingly, our Directors are satisfied that we have been and will continue to operate independently from our Controlling Shareholders Group and its associates.

### **Financial Independence**

Our finance department is independent from our Controlling Shareholders Group with finance staff who are independent from our Controlling Shareholders Group. Its responsibilities include, among other things, financial control, accounting, financial reporting, group credit and internal control. None of our finance staff works for our Controlling Shareholders Group and/or its associates.

We are capable of making financial decisions independently. We have established an independent audit system and a financial and accounting system. In addition, we manage our bank accounts independently, and do not share any bank accounts with our Controlling Shareholders Group and/or its associates.

As at 30 April 2024, our Group had borrowing in the amount of RMB56.2 million, RMB56.2 million of which was guaranteed by Mr. Zhu Lei, a member of our Controlling Shareholders Group, and Mr. Zhao and/or their close associates. It is expected that all of such personal guarantees will be replaced by corporate guarantee provided by our Company upon [REDACTED]. Save for the foregoing, as of the Latest Practicable Date, we had no outstanding loans and advances due to or from our Controlling Shareholders Group or their associates and had not provided any outstanding securities, loans or any other forms of financial assistance to our Controlling Shareholders Group or their associates.

## **RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS GROUP**

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### **CORPORATE GOVERNANCE MEASURES**

Our Company has adopted the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and will comply with the code provisions in the Corporate Governance Code. The Corporate Governance Code sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders. To strengthen our corporate governance practice and to safeguard the interests of our Shareholders, the Articles provide that a Director shall not vote (nor shall he/she be counted in the quorum) on any resolution of our Board in respect of any contract or arrangement or proposal in which he/she or any of his/her close associate(s) has/have a material interest, and if he/she should do so his/her vote shall not be counted (nor shall he/she be counted in the quorum for that resolution).

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders Group, and also the potential competition of Beijing Yesway by virtue of Mr. Zou, being one of our non-executive Directors, and the minority Shareholders’ rights after the [REDACTED] would be sufficiently protected.

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## CONNECTED TRANSACTIONS

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### OVERVIEW

We have entered into certain agreements with parties that will be our connected persons (as defined under Chapter 14A of the Listing Rules) upon the [REDACTED], and the transactions contemplated under such agreements will constitute continuing connected transactions under the Listing Rules.

### NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

#### Background

As disclosed in the “Contractual Arrangements” section in this document, due to foreign investment prohibitions and restrictions and licensing requirements in the PRC, we conduct a substantial portion of our business through Guanglian Saixun, our Consolidated Affiliated Entity in the PRC. We do not directly own any equity interest in Guanglian Saixun. To provide our Group with control over Guanglian Saixun, we have entered into a series of agreements narrowly tailored to provide our Group with control over Guanglian Saixun and to grant our Group the right to acquire the equity interests of Guanglian Saixun when and to the extent permitted by the PRC laws and regulations, among others. Under the Contractual Arrangements, we operate certain businesses in China that are subject to foreign investment restrictions or prohibitions and licenses requirements through, and derive economic benefits from, Guanglian Saixun.

The various contracts underlying the Contractual Arrangements were entered into by parties including Guanglian Shuke, Guanglian Saixun, the Registered Shareholders (namely Zhenghe Futong, Xinjiang Rongying, Shanghai Xiangru and Mr. Zhao), general partners of the Registered Shareholders, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang, Mr. Zhao and their respective spouses. See the section headed “Contractual Arrangements” in this document for details.

#### Listing Rules implications

The transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon the [REDACTED] as Guanglian Saixun is held as to 41.47% by Zhenghe Futong, 39.68% by Xinjiang Rongying and 16.34% by Shanghai Xiangru, which are entitled ultimately controlled by Mr. Zhu Lei (being one of our executive Directors and a member of the Controlling Shareholders Group) and his brother, Mr. Zhu Hui (also a member of the Controlling Shareholders Group), and therefore Guanglian Saixun is a company majority-controlled by Mr. Zhu Lei and Mr. Zhu Hui and is therefore also a connected person of our Company under Rule 14A.12(2)(b) of the Listing Rules.

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## CONNECTED TRANSACTIONS

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The Directors (including the independent non-executive Directors) of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group’s organisational structure and business, that these transactions have been and will be entered into in our Group’s ordinary and usual course of business, are on normal commercial terms or better and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by Guanglian Saixun and any member of our Group that is owned by us through equity interest (“**New Intragroup Agreements**” and each of them, a “**New Intragroup Agreement**”) technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that we are placed in a special situation in relation to relying on the Contractual Arrangements to operate our business that is carried out by Guanglian Saixun and its subsidiary(ies), it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to us if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among other things, the announcement, circular, independent shareholders’ approval requirements and the requirement to set annual caps.

### **Application for waivers**

In view of the transactions contemplated under the Contractual Arrangements, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement, circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are [REDACTED] and Guanglian Saixun and its subsidiary(ies) continue to be treated as our Company’s subsidiary(ies).

In addition, we have also applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement, circular and independent shareholders’ approval requirements under the Contractual Arrangements under Chapter 14A.105 of the Listing Rules in respect of the transactions contemplated under any New Intragroup Agreement; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are [REDACTED] on the Hong Kong Stock Exchange, subject however to the condition that the Contractual Arrangements subsist

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## CONNECTED TRANSACTIONS

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and that Guanglian Saixun will continue to be treated as our Company's subsidiary, but at the same time, the directors, chief executives or substantial shareholders of Guanglian Saixun and their associates will be treated as connected persons of our Company, and transactions between these connected persons and our Group, other than those under the Contractual Arrangements and the New Intragroup Agreements, will be subject to requirements under Chapter 14A of the Listing Rules.

The [grant] of the said waivers by the Hong Kong Stock Exchange is subject to the following conditions:

**(a) *No change without independent non-executive Directors' approval***

No change to the Contractual Arrangements will be made without the approval of our independent non-executive Directors.

**(b) *No change without independent Shareholders' approval***

Save as described in paragraph (d) below, no change to the agreements governing the Contractual Arrangements will be made without the approval of the independent Shareholders. Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The ongoing reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (e) below) will however continue to be applicable.

**(c) *Economic benefits flexibility***

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by Guanglian Saixun through (i) Guanglian Shuke's options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the equity interests or assets of Guanglian Saixun for the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated Guanglian Saixun and its subsidiary(ies) is substantially retained by us, such that no annual cap shall be set on the amount of service fees payable to Guanglian Shuke by Guanglian Saixun under the Exclusive Business Cooperation Agreement, and (iii) Guanglian Shuke's right to control the management and operation of, as well as, in substance, all of the voting rights of Guanglian Saixun and its subsidiary(ies).



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## CONNECTED TRANSACTIONS

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### **(d) *Renewal and replication***

On the basis that the Contractual Arrangements provide a framework that governs the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on the one hand, and Guanglian Saixun and its subsidiary(ies), on the other hand, that framework may be renewed and/or replicated upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group (which our Group might wish to establish when justified by business expediency), without obtaining the approval of our Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. Such renewal or replication would be on the condition that the new framework would have substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly-foreign owned enterprise or operating company (including branch company) engaging in the same business as ours which we may establish will, upon renewal and/or replication of the Contractual Arrangements, be treated as connected persons of our Company and transactions between these connected persons and our Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This renewal/replication is subject to relevant PRC laws, regulations and approvals.

If any term of the Contractual Arrangements are altered or if our Company enters into any new agreements with any connected person (within the meaning of the Listing Rules) in the future, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules unless we apply for and obtain a separate waiver from the Hong Kong Stock Exchange.

### **(e) *Ongoing reporting***

We will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- the Contractual Arrangements in place during each financial period will be disclosed in the annual report in accordance with the relevant provisions of the Listing Rules;
- our independent non-executive Directors will review the Contractual Arrangements annually and confirm in the annual report for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements and that the profit generated by Guanglian Saixun has been substantially retained by Guanglian Shuke, no dividends or other distributions for the relevant financial year have been made by Guanglian Saixun to the holders of its equity interests which are not otherwise subsequently assigned or transferred to us,

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## CONNECTED TRANSACTIONS

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and (ii) any new contracts entered into, renewed or replicated between us and Guanglian Saixun during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous to our Shareholders, so far as we are concerned and in the interests of our Shareholders as a whole;

- our Company’s auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Hong Kong Stock Exchange confirming that the transactions have received the approval of our Directors, have been entered into in accordance with the Contractual Arrangements and that no dividends or other distributions for the relevant financial year have been made by Guanglian Saixun to the holders of its equity interests which are not otherwise subsequently assigned or transferred to us;
- for the purpose of Chapter 14A of the Listing Rules, and in particular the definition of “connected person”, Guanglian Saixun will be treated as our Company’s subsidiary, and at the same time, the directors, chief executives or substantial shareholders of Guanglian Saixun and their associates will be treated as connected persons of our Company (excluding for this purpose, Guanglian Saixun), and transactions between these connected persons and our Group (including for this purpose, Guanglian Saixun), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules; and
- our Consolidated Affiliated Entity, Guanglian Saixun, will undertake that, for so long as the Shares are [REDACTED] on the Hong Kong Stock Exchange, it will provide the management of our Company and our Company’s auditor full access to its relevant records for the purpose of our Company’s auditor’s review of the continuing connected transactions.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors, including our independent non-executive Directors, consider that the continuing connected transactions as disclosed in “Contractual Arrangements” have been and will be, and any New Intragroup Agreements will be entered into (i) in the ordinary and usual course of the business of our Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

### CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant documents and information provided by our Group, has obtained necessary representations and confirmations from our Company and our Directors and has participated in the due diligence and discussions with the management and our PRC Legal Adviser. Based on the above, the Sole

## CONNECTED TRANSACTIONS

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Sponsor is of the view that the transactions contemplated under the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of our Group, are fundamental to our Group's legal structure and business operations, and on normal commercial terms or better that are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Based on the above, the Sole Sponsor is also of the view that with respect to the term of the relevant agreements underlying the Contractual Arrangements which is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of Guanglian Saixun can be effectively controlled by Guanglian Shuke; (ii) Guanglian Shuke can obtain the economic benefits derived from Guanglian Saixun; and (iii) any possible leakages of assets and values of Guanglian Saixun can be prevented, on an uninterrupted basis.

## DIRECTORS AND SENIOR MANAGEMENT

### OVERVIEW

Our Board currently consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Board is responsible and has the general authority for the management and operation of our Company.

Our senior management is responsible for the management of day-to-day operations of our Group.

### DIRECTORS AND SENIOR MANAGEMENT

The following table shows certain information of our Directors as at the Latest Practicable Date.

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Responsibilities	Relationship with other Directors and/or senior management
<b>Executive Directors</b>						
Mr. Zhu Lei (朱雷先生) . . .	59	Chairman, executive Director	May 2012	January 2022	Supervising the overall management of our Group and serving as the Chairman of our Strategy Committee and Nomination Committee	Nil
Mr. Jiang Zhongyong (蔣忠永先生) . .	51	Executive Director	May 2012	January 2022	Supervising the general operations of our Group and serving as a member of our Strategy Committee	Nil

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Responsibilities	Relationship with other Directors and/or senior management
Mr. Zhao Zhan (趙展先生) . . .	42	Executive Director, chief executive officer and general manager of the Company	April 2013	January 2022	Overseeing the overall management and general operations of our Group, and serving as member of our Remuneration Committee and Strategy Committee	Nil
<b>Non-executive Directors</b>						
Mr. Zou Fangzhao (鄒方昭先生) . .	40	Non-executive Director	20 April 2023	April 2023	Providing general strategic advice on the development of our Group	Nil
Mr. Cui Changsheng (崔常晟先生) . .	33	Non-executive Director	May 2016	April 2023	Providing general strategic advice on the development of our Group	Nil
Ms. Peng Chao (彭超女士) . . .	34	Non-executive Director	20 April 2023	April 2023	Providing general strategic advice on the development of our Group	Nil

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Responsibilities	Relationship with other Directors and/or senior management
<b>Independent non-executive Directors</b>						
Mr. Feng Yuan (馮轅先生) . . .	55	Independent non-executive Director	December 2020	18 June 2024	Supervising and providing independent judgement and opinion to our Board on issues material to our Group, and serving as Chairman of our Remuneration Committee and as a member of our Audit Committee	Nil
Ms. Wei Chunlan (魏春蘭女士) .	50	Independent non-executive Director	June 2024	18 June 2024	Supervising and providing independent judgement and opinion to our Board on issues material to our Group, and serving as Chairlady of our Audit Committee and as member of our Remuneration Committee and Nomination Committee	Nil

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as a Director	Responsibilities	Relationship with other Directors and/or senior management
Ms. Ci Ying (慈瑩女士) . . .	56	Independent non-executive Director	June 2024	18 June 2024	Supervising and providing independent judgement and opinion to our Board on issues material to our Group, and serving as a member of our Audit Committee and Nomination Committee	Nil

### Executive Directors

**Mr. Zhu Lei** (朱雷先生), aged 59, is one of our founders, our Chairman and executive Director. Mr. Zhu was appointed as a Director on 12 January 2022 and was re-designated as an executive Director on 12 May 2023. Mr. Zhu is primarily responsible for supervising the overall management of our Group and decision-making of external affairs and strategic development of our Group. He was the chairman of the board of directors of Tianjin Chejia from December 2019 to December 2020.

Mr. Zhu has served as the chairman of Guanglian Saixun since its establishment in May 2012. He is also the executive director of one of our subsidiaries, Guanglian Shuke, since its establishment in November 2012. Mr. Zhu is the Chairman of our Nomination Committee and the Chairman of our Strategy Committee, and he is also a director and legal representative of certain of our subsidiaries.

Mr. Zhu has over 30 years of experience in corporate and business management. Mr. Zhu started his career in Nanjing University Science & Technology Industry (Group) Company (南京大學科技實業(集團)公司) (previously known as Nanjing University Science and Technology Development General Company (南京大學科技開發總公司)) from August 1988 to July 1994, where he was primarily responsible for development of technology products and products promotion. He was the chairman of the board of directors of Nanjing Meilihua Footwear Co., Ltd. (南京美麗華鞋業有限公司), a company that is primarily engaged in production of footwear, from December 1995 to May 1996. He served as the vice chairman and president of Sanpower Group Co., Ltd. (三胞集團有

## DIRECTORS AND SENIOR MANAGEMENT

限公司) (“**Sanpower**”), a company that primarily engaged in real estate construction and operation, research and development, production and sales of communication equipment, investment management, and bio-medical technology service, from May 1997 to June 2010. He successively served as the supervisor, president, deputy chairman, chairman and director of Jiangsu Hongtu High Technology Co., Ltd. (江蘇宏圖高科技股份有限公司) (“**Jiangsu Hongtu**”), a company that is primarily engaged in retail, financial services, art auction and technology manufacturing, from September 2004 to March 2011.

Mr. Zhu has been the executive director and general manager of Zhenghe Fangda, a company that is primarily engaged in asset management, since August 2010. He has also been a director of Jiangsu Yida Rongjing Capital Service Co., Ltd. (江蘇毅達融京資本服務有限公司), a company that is primarily engaged in investment, since August 2017. He has been a director of Dianmi Network Technology Co., Ltd. (點米網絡科技股份有限公司) (a company listed on NEEQ, stock code: 831235) (“**Dianmi Technology**”), a company that primarily engages in research and development of Internet technology, since February 2022.

Mr. Zhu obtained a bachelor’s degree in library science from Nanjing University in July 1986. He also graduated from Warnborough College in the United Kingdom with a master’s and a doctorate degree in business administration in March 2020 and July 2021 through distance learning, respectively.

Mr. Zhu served as a director or the general manager of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration. The relevant details are as follows:

<u>Company name</u>	<u>Mr. Zhu’s position</u>	<u>Nature of business</u>	<u>Status</u>	<u>Date of deregistration</u>
Nanjing Yingqi Industrial Co., Ltd. (南京瑛琪實業有限公司) . . . . .	general manager	sales of educational supplies, sporting goods, hardware, auto parts, etc.	deregistered	20 January 2020
Jiujiang Hongtu Sanbao Technology Development Co., Ltd. (九江宏圖三胞科技發展有限公司) . . . . .	director	development of electronic communication products and computer	deregistered	13 November 2014
Wenzhou Hongtu Sanbao Technology Development Co., Ltd. (溫州宏圖三胞科技發展有限公司) . . . . .	director	development of electronic communication products and computer	deregistered	11 February 2009



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## DIRECTORS AND SENIOR MANAGEMENT

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As confirmed by Mr. Zhu, to the best of his knowledge, the aforesaid companies were solvent immediately prior to their respective dissolution, and such dissolution was not caused by his mistake or fault. Mr. Zhu further confirmed that such deregistration was not caused by any fraudulence or misconduct on his part. Mr. Zhu was not aware of any actual or potential liability or obligation imposed on or will be made against him by virtue of deregistration of these companies.

**Mr. Jiang Zhongyong (蔣忠永先生)**, aged 51, is our executive Director. He was appointed as a Director on 12 January 2022 and was re-designated as an executive Director on 12 May 2023. Mr. Jiang is primarily responsible for supervising the general operations of our Group. He joined our Group in May 2012 and served as a supervisor of Guanglian Saixun from May 2012 to May 2016. He has been re-designated as a director Guanglian Saixun since May 2016.

Mr. Jiang has over 20 years of experience in finance and investment. He was an assistant to the chief financial officer of Suning.com Co., Ltd. (蘇寧易購集團股份有限公司) (a company listed on Shenzhen Stock Exchange, stock code: 002024), a company that primarily engages in retail, logistics services and installation and maintenance services, from November 1999 to January 2001. He served as the chief financial officer in NR Electric Co., Ltd. (南京南瑞繼保電氣有限公司), a company that primarily engages in research, development and industrialisation of power control and protection technologies for power grids and power plants, from January 2001 to October 2010.

Mr. Jiang has served as the chairman of Dianmi Technology since May 2015. He has been a supervisor of Zhenghe Fangda since July 2010. He has been the designated representative of general partner of Tianjin Zhenghe Shitong equity investment fund partnership (limited partnership) (天津正和世通股權投資基金合夥企業(有限合夥)), a fund that primarily invests in big health, livelihood, internet economy and military industry, since December 2010. He has also served as a supervisor of Nanjing Haoda Electric Power Technology Co., Ltd (南京昊達電力科技有限公司), a company that primarily engages in research and development and sales of power equipment, instruments, electronic components and computer software, since May 2011. He has also been the general partner of Shanghai Fenghui Investment Management Center (limited partnership) (上海豐暉投資管理中心(有限合夥)), a fund that primarily engages in asset management, investment management and financial consulting since December 2017. He was the general partner of Tianjin Shangzhi Biologics Partnership (limited partnership) (天津尚智生物醫藥合夥企業(有限合夥)), a fund that primarily invest in environmental protection management, from May 2018 to November 2022.

Mr. Jiang obtained a bachelor's degree in engineering from University of Science and Technology Beijing (北京科技大學) in July 1995. He also received a master's degree in economics and a doctorate degree in economics, both from Nanjing University (南京大學), in June 1999 and June 2012, respectively.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Jiang served as a supervisor of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration of business license. The relevant details are as follows:

Company name	Mr. Jiang's position	Nature of business	Status	Date of deregistration
Nanjing Ruifeng Technology Co., Ltd. (南京瑞風科技有限公司). . . .	supervisor	development and sales of electronic products	deregistered	21 July 2007
Nanjing Dianmi Trading Co. Ltd. (南京點米貿易有限公司). . . . .	supervisor	trading	deregistered	2 February 2018
Nanjing Xiaoxingzi Paradise Co., Ltd. (南京小杏子樂園有限公司). . . .	supervisor	amusement park management	deregistered	25 August 2023

Mr. Jiang confirmed that the above companies were deregistered due to cessation of business operation and were deregistered on a voluntary basis, and were solvent at the time of deregistration, and such deregistration was not caused by any fraudulence or misconduct on his part. Mr. Jiang was not aware of any actual or potential liability or obligation imposed on or will be made against him in connection with the deregistration of the above companies.

**Mr. Zhao Zhan (趙展先生)**, aged 42, is our executive Director, the chief executive officer and the general manager of our Company. He was appointed as a Director on 12 January 2022 and re-designated as an executive Director on 12 May 2023. Mr. Zhao is primarily responsible for overseeing the overall management and general operations of the Group. He joined our Group in April 2013 as a deputy general manager of Guanglian Saixun and he has been a director and a general manager of Guanglian Saixun since November 2015 and April 2016, respectively. He has also been the general manager of Guanglian Shuke since April 2022. He was the executive director, legal representative and general manager of Dijia Smart Cloud from July 2015 to October 2023. He was a director of Tianjin Chejia from December 2019 to December 2020 and has been the executive director, legal representative and manager of Tianjin Chejia since December 2020. Mr. Zhao is also a director, legal representative and general manager of certain of our subsidiaries.

Mr. Zhao has over 15 years in development of automotive electronic products and computer software. He was the general manager of Shenzhen Jinli Wang Technology Co. Ltd. (深圳市勁力王科技有限公司), a company that primarily engages in trading and import and export of goods and technologies and production of hardware, from November 2005 to August 2010. He was also the general manager of Shenzhen 365CAR Technology Co., Ltd. (深圳市車友互聯科技有限公司), a company that primarily engages in technology development and sales of electronic products, computer software products and car products, and providing IT service, from September 2012 to April 2013.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhao served as a supervisor of the following company, which was established in the PRC, at the time or within 12 months from the time of its revocation of business license. The relevant details are as follows:

<u>Company name</u>	<u>Mr. Zhao's position</u>	<u>Nature of business</u>	<u>Status</u>	<u>Date of revocation</u>
Shenzhen Rui'an Technology Co., Ltd. (深圳瑞安馳科技有限公 司).....	supervisor	technology development and trade of chemical products and automobile maintenance products	revoked	16 January 2012

As confirmed by Mr. Zhao, to the best of his knowledge, the aforesaid company was solvent immediately prior to its revocation of business license, and such revocation of business license was not caused by his mistake or fault and he was not aware of any actual or potential liability or obligation imposed on or will be made against him by reason of such revocation.

Mr. Zhao graduated from the School of Distance Education of Zhejiang University (浙江大學遠程教育學院) with a major in English in June 2004 through distance learning. Mr. Zhao was awarded the Certificate for High-Level Professional in Shenzhen (深圳市高層次專業人才證書) by Human Resources and Social Security Administration of Shenzhen Municipality (深圳市人力資源和社會保障局) on March 2019.

### Non-executive Directors

**Mr. Zou Fangzhao (鄒方昭先生)**, aged 40, is our non-executive Director. He was appointed as a Director on 20 April 2023 and was re-designated as a non-executive Director on 12 May 2023. Mr. Zou is primarily responsible for providing general strategic advice on the development of our Group.

Mr. Zou has over 15 years of experience in sales and administrative management. Mr. Zou was a sales manager and deputy director of overseas business department of Xingmin ITS, from August 2007 to August 2009 and from August 2009 to February 2011, respectively. He has been the director of general office of Xingmin ITS since February 2011. He has also served as a director of Beijing Yesway Information Technology Co., Ltd. (北京九五智駕信息技術股份有限公司) (a company listed on the NEEQ, stock code: 430725) (“**Beijing Yesway**”), a company that primarily engages in the provision of in-vehicle products and solutions, since September 2019.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Zou served as the executive director and the general manager of the following company, which was established in the PRC, at the time or within 12 months from the time of its deregistration. The relevant details are as follows:

<u>Company name</u>	<u>Mr. Zou's position</u>	<u>Nature of business</u>	<u>Status</u>	<u>Date of deregistration</u>
Quande (Longkou) Automobile Components Co., Ltd. (全得(龍口)汽車零部件有限公司). . . . .	executive director and general manager	wholesale, import and export of automobile components	deregistered	26 June 2013

Mr. Zou confirmed that the above company was deregistered due to cessation of business operation and was deregistered on a voluntary basis, and was solvent at the time of deregistration, such deregistration was not caused by any fraudulence or misconduct on his part. Mr. Zou was not aware of any actual or potential liability or obligation imposed on or will be made against him.

Mr. Zou obtained his bachelor's degree in management from Qingdao University of Technology (青島理工大學) in July 2007.

**Mr. Cui Changsheng (崔常晟先生)**, aged 33, is our non-executive Director. He was appointed as a Director on 20 April 2023 and re-designated as a non-executive Director on 12 May 2023. Mr. Cui is primarily responsible for providing general strategic advice on the development of our Group. He joined our Group in May 2016 as a director of Guanglian Saixun.

Mr. Cui has approximately eight years of experience in vehicle-connected technologies and investment. He served as an assistant to the general manager, a director and the deputy general manager of Xingmin ITS, a company that primarily engages in research, development, production and sales of steel wheels, from August 2014 to August 2022. He has been a director and the general manager of Yantai Longhe, a company that primarily engages in investment since April 2016. He has served as a supervisor of Longkou Hengye Enterprise Management Co., Ltd. (龍口恆業企業管理有限公司), a company that primarily engages in business management, economic and trade consulting services since June 2016. He has also served as a supervisor of Beijing Yesway since November 2016. He has also a director of Xingmin Lichi Co., Ltd (興民力馳有限責任公司) (“**Xingmin Lichi**”), a subsidiary of Xingmin ITS and a company that primarily engages in import and export of goods and technologies and transportation services, since July 2018. He has been the executive director and manager of Yantai Enjiada Investment Co., Ltd. (煙台恩佳達投資有限公司), a company that primarily engages in investment, since November 2021.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Cui served as a director of the following company, which was established in HK, at the time or within 12 months from the time of its dissolution. The relevant details are as follows:

<u>Company name</u>	<u>Mr. Cui's position</u>	<u>Nature of business</u>	<u>Status</u>	<u>Date of deregistration</u>
Global Partner Industrial Limited (全球合夥人國際工貿有限公司) . . . . .	director	did not commence any actual business operation	dissolved	14 June 2019

Mr. Cui confirmed that the above company was dissolved due to cessation of business operation and were dissolved on a voluntary basis, and were solvent at the time of deregistration, such dissolution was not caused by any fraudulence or misconduct on his part. Mr. Cui was not aware of any actual or potential liability or obligation imposed on or will be made against him.

Mr. Cui received a bachelor's degree in accounting and financial management from University of Sunderland in the United Kingdom in June 2014.

**Ms. Peng Chao (彭超女士)**, aged 34, is our non-executive Director. She was appointed as a Director on 20 April 2023 and was re-designated as a non-executive Director on 12 May 2023. Ms. Peng is primarily responsible for providing general strategic advice on the development of our Group.

Ms. Peng has over nine years of experience in the area of risk management and investment. She worked as a risk control specialist in Shenyang Tongfang Multi-Media Technology Co., Ltd. Shenzhen Branch (瀋陽同方多媒體科技有限公司深圳分公司), a company principal engaged in television export trading, and was responsible for risk control of accounts receivable, from April 2013 to November 2015. She has been serving as the director of investment management department in CoStone Venture Capital Co., Ltd. (基石資產管理股份有限公司), a company principally engaged in equity investment, and has been primarily responsible for the post-investment management, since November 2015.

Ms. Peng obtained a bachelor's degree in finance management from Central South University (中南大學) in June 2012 and her MBA degree from Shanghai Jiao Tong University (上海交通大學) in March 2023. She obtained the Securities Investment Fund Qualification issued by the Asset Management Association of China (中國證券投資基金業協會) in November 2017.

## DIRECTORS AND SENIOR MANAGEMENT

### Independent non-executive Directors

**Mr. Feng Yuan (馮轅先生)**, aged 55, was appointed as our independent non-executive Director on 18 June 2024. He is also a member of our Audit Committee, and the Chairman of our Remuneration Committee. He is primarily responsible for supervising and providing independent judgement and opinion to our Board. He joined our Group as an independent director of Guanglian Saixun in December 2020.

Mr. Feng has approximately 25 years of experience in the legal industry. He started working as a lawyer of Jiangsu Suyuan Law Firm (江蘇蘇源律師事務所) from September 1994 to March 2012. He was an independent director of Jiangsu Phoenix Publishing & Media Corporation Limited (江蘇鳳凰出版傳媒股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601928), a company that primarily engages in editing, publication and issuing of books, newspapers and periodicals, electronic publications and audio-visual products, from September 2011 to March 2016, an independent director of Estun Automation Co., Ltd. (南京埃斯頓自動化股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002747), a company that primarily engages in automation components, motion control system, and industrial robot and intelligent manufacturing system, from June 2011 to July 2014, an independent director of Nanjing Sciyon Wisdom Technology Group Co., Ltd. (南京科遠智慧科技集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002380), a company that primarily engages in providing products and solutions of industrial automation and information technology, from March 2015 to May 2021, and an independent director of Nanjing Chervon Auto Precision Technology Co., Ltd. (南京泉峰汽車精密技術股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603982), a company that primarily engages in research and development, production and sales of aluminum alloy and ferrous metal automobile parts, from February 2017 to November 2022. He was also a partner of Grandall (Nanjing) Law Firm (國浩律師(南京)事務所) from March 2012 to April 2019.

Mr. Feng was a lawyer of Grandall (Shanghai) Law Firm (國浩律師(上海)事務所) from April 2019 to August 2023. He has been a lawyer of Grandall (Nanjing) Law Firm (國浩律師(南京)事務所) since November 2023. He has also served as an independent director of Easy Click Worldwide Network Technology Co., Ltd. (易點天下網絡科技股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 301171), a company that primarily engages in intelligent marketing services, Jiangsu Yuanli Digital Technology Co., Ltd. (江蘇原力數字科技股份有限公司), a company that primarily engages in production of cartoon films and TV series, and Efort Intelligent Equipment Co., Ltd. (埃夫特智能裝備股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 688165), a company that primarily engages in research and development, production and sales of industrial robot and its core parts and system integration, since September 2017, March 2018 and April 2019, respectively.

## DIRECTORS AND SENIOR MANAGEMENT

Mr. Feng received a bachelor's degree and a master's degree in law both from Nanjing University (南京大學) in July 1991 and December 2005, respectively. He obtained the PRC Legal Professional Qualification Certificate issued by Jiangsu Provincial Department of Justice (江蘇省司法廳) in December 1994. He was also granted the qualification of lawyer for engaging in securities law business (律師從事證券法律業務資格證書) by the Ministry of Justice and CSRC in February 2000.

Mr. Feng served as a supervisor of the following company which was established in the PRC prior to its revocation:

<u>Company name</u>	<u>Mr. Feng's position</u>	<u>Nature of business</u>	<u>Status</u>	<u>Date of revocation</u>
Nanjing Herun Industrial Co., Ltd. (南京和潤實業有限公司) . . . . .	supervisor	sales of goods	revoked	10 February 2003

As confirmed by Mr. Feng, to the best of his knowledge, the aforesaid company was solvent immediately prior to its revocation of business license, and such revocation of business license was not caused by his mistake or fault and he was not aware of any actual or potential liability or obligation imposed on or will be made against him by reason of such revocation.

**Ms. Wei Chunlan (魏春蘭女士)**, aged 50, was appointed as our independent non-executive Director on 18 June 2024. She is also the Chairlady of our Audit Committee and a member of our Nomination Committee and Remuneration Committee. She is primarily responsible for supervising and providing independent judgement and opinion to our Board.

Ms. Wei has over 25 years of experience in financial management and corporate management. She was the financial manager of Shenzhen Yongjun Industrial Co., Ltd. (深圳市永駿實業有限公司), a company that primarily engages in import and export of crude oil, from April 1997 to March 2004. She had successively been the general manager of the finance department, the regional general manager (Hainan), the procurement controller and the chief human resources officer of China Resources Cement Holdings Limited (a Company listed on Hong Kong Stock Exchange, stock code: 01313) from August 2004 to April 2016. She served as executive vice president of Shenzhen Jushenghua Industrial Development Co., Ltd. (深圳市鉅盛華股份有限公司), a company that primarily engages in investment in industrial projects, from May 2016 to December 2017. She has been the chairlady of Lanpu Holdings (Shenzhen) Co., Ltd. (藍譜控股(深圳)有限公司), a company that primarily engages in investment consulting, since

## DIRECTORS AND SENIOR MANAGEMENT

December 2018. She has also been the executive director and general manager of Shenzhen City Wanliu Technology Co., Ltd. (深圳市萬流科技有限公司), a company that primarily engages in corporate management and investment consultation since March 2019.

Ms. Wei served as a director, a supervisor or the general manager of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration. The relevant details are as follows:

Company name	Ms. Wei's position	Nature of business	Status	Date of deregistration
Guangdong Yuesheng Concrete Co., Ltd. (廣東粵生混凝土有限公司) . . .	director	production and sales of concrete	deregistered	11 November 2016
Yunshannan Holdings (Shenzhen) Co., Ltd. (雲山南控股(深圳)有限公司) . . . . .	executive director	enterprises management	deregistered	30 June 2020
Guangzhou Chuangwuzhi Intellectual Property Co., Ltd. (廣州創物志知識產權有限公司) . . . . .	supervisor	management system certification and enterprises management	deregistered	13 September 2018
Guangzhou Cement Factory (廣州水泥廠) . . .	director	production of cement	deregistered	3 January 2017
Daxidi Haiyang Bioscience (Shenzhen) Co., Ltd. (大溪堤海洋生物科技(深圳)有限公司) . .	director and general manager	wholesale and retail of sea cucumber products	deregistered	22 August 2018
China Resources Cement (Longyan Shizhong) Limited (華潤水泥(龍岩適中)有限公司) . . . . .	director	wholesale of cement	deregistered	8 July 2019
China Resources Concrete (Jinsha) Limited (華潤混凝土(金沙)有限公司) . . . . .	director	production, sale and transportation of concrete and sand	deregistered	24 November 2015
Guangzhou City Yuexiu Concrete Limited (廣州市粵秀混凝土有限公司) . .	director	production and sales of concrete	deregistered	31 October 2016



## DIRECTORS AND SENIOR MANAGEMENT

Company name	Ms. Wei's position	Nature of business	Status	Date of deregistration
China Resources Concrete (Dongguan) Limited (華潤混凝土(東莞)有限公司) . . . . .	director	production and sales of concrete	deregistered	3 May 2012
China Resources Concrete (Datian) Limited (華潤混凝土(大田)有限公司) . . . . .	director	production of concrete	deregistered	27 December 2017
Huizhou Universal Transportation Co., Ltd. (惠州華潤通運有限公司) . . . . .	director	goods transportation	deregistered	22 April 2015
Shenzhen China Resources Shengcheng Concrete Co., Ltd. (深圳華潤生成混凝土有限公司) . . . . .	director	production and sales of concrete	deregistered	22 December 2016

Ms. Wei confirmed that the above companies were deregistered due to cessation of business operation and were deregistered on a voluntary basis, and were solvent at the time of deregistration, such deregistration was not caused by any fraudulence or misconduct on her part. Ms. Wei was not aware of any actual or potential liability or obligation imposed on or will be made against her.

Ms. Wei obtained her master's degree in economics from the Jinan University (暨南大學) in June 2005. She was accredited as Accountant and Certified Public Accountant by MOF in April 1998 and May 1998, respectively.

**Ms. Ci Ying (慈瑩女士)**, aged 56, was appointed as our independent non-executive Director on 18 June 2024. She is also a member of our Audit Committee and Nomination Committee. She is primarily responsible for supervising and providing independent judgement and opinion to our Board.

Ms. Ci has over 20 years of experience in business development and client relationships. She worked at JPMorgan Chase Bank, where her last position was executive director of corporate & investment bank, from February 2003 to April 2008. Ms. Ci served Computershare Hong Kong Investor Services Limited with her last position as managing director in corporate proxy solicitation from May 2008 to October 2020. She was also the president of Shenzhen Mingda Asset Management Co., Ltd. (深圳市明達資產管理有限公司), a company that primarily engages in asset management, from November 2020 to November 2022. She has been the senior adviser of Morrow Sodali Limited, a company that primarily engages in corporate governance advisory services and business consultancy, since March 2023.

## DIRECTORS AND SENIOR MANAGEMENT

Ms. Ci served as a supervisor of the following companies, which were established in the PRC, at the time or within 12 months from the time of their deregistration. The relevant details are as follows:

Company name	Ms. Ci's position	Nature of business	Status	Date of deregistration
Shenzhen City Jukuixin Advertising Co., Ltd. (深圳市聚奎鑫廣告有限公司) . . . . .	supervisor	advertising	deregistered	28 June 2012
Shenzhen Jukuixin Investment Consulting Co., Ltd. (深圳市聚奎鑫投資諮詢有限公司). . . . .	supervisor	investment consulting	deregistered	28 June 2012

Ms. Ci confirmed that the above companies were deregistered due to cessation of business operation and were deregistered on a voluntary basis, and were solvent at the time of deregistration, such deregistration was not caused by any fraudulence or misconduct on her part. Ms. Ci was not aware of any actual or potential liability or obligation imposed on or will be made against her.

Ms. Ci obtained her bachelor's degree in pharmaceutical science from Shenyang Pharmaceutical College (瀋陽藥學院) (currently known as Shenyang Pharmaceutical University (瀋陽藥科大學)) in July 1990 and her degree of master of business administration from Fordham University in May 1999. She was admitted as fellow of the Hong Kong Chartered Governance Institute in March 2022.

### Senior Management

The senior management currently comprises five members, who are responsible for the Group's day-to-day management and operation. The following table shows certain information about our senior management as at the Latest Practicable Date.

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Responsibilities	Relationship with other Directors and/or senior management
Mr. Wu Shan (吳珊先生). . . . .	54	Deputy general manager	June 2012	June 2012	Responsible for day-to-day operation of our Group	Nil

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position(s)	Date of joining our Group	Date of appointment as senior management	Responsibilities	Relationship with other Directors and/or senior management
Ms. Yin Fang (尹芳) . . . . .	45	Deputy general manager and chief capital officer	May 2023	May 2023	Responsible for strategies and capital market operations aspects of our Group	Nil
Mr. Zhang Yong (張勇先生) . . . . .	45	Deputy general manager, chief financial officer, secretary to the Board and joint company secretary	May 2018	May 2018	Responsible for financial and securities aspects of our Group	Nil
Mr. Shen Jian (沈劍先生) . . . . .	47	Deputy general manager, chief technology officer	January 2016	February 2022	Responsible for management of the R&D team and development of the SaaS systems of our Group	Nil
Ms. Duan Wenjin (段紋瑾女士) . . . . .	34	Deputy general manager and human resources and commercial services director	July 2018	July 2018	Responsible for human resources, administration and business services aspects of our Group	Nil

**Mr. Wu Shan (吳珊先生)**, aged 54, is the deputy general manager of our Company. He is primarily responsible for day-to-day operation of our Group. He joined our Group as the deputy general manager of Guanglian Saixun in June 2012. He has also been the deputy general manager of Guanglian Shuke since April 2022 and the executive director and general manager of Hanhuaxing Technology since April 2014. He has been appointed as a director of Guanglian Saixun since May 2023.

Mr. Wu has over 30 years of experience in corporate and business management.

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## DIRECTORS AND SENIOR MANAGEMENT

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Prior to joining our Group, he was a business manager of Anxing Disk Co., Ltd. (安興磁盤有限公司), a company that primarily engages in manufacture and sale of computer disks and videotape products, computers and external equipment, from October 1988 to May 1995. He successively served as the chief representative of Inner Mongolia representative office (內蒙古代表處首席代表), the deputy general manager of northern district and general manager of PC business division of Nanjing Tongchuang Information Industry Group Co., Ltd. (南京同創信息產業集團有限公司), a company together with members of its group of companies that primarily engage in microcomputer manufacturing, software development, satellite communications, systems integration, network equipment manufacturing, network applications and information services, from June 1995 to February 2001.

He worked as a vice president of Hongtu Sanbao High-tech Technology Co., Ltd. (宏圖三胞高科技技術有限公司), a company that primarily engaged in internet information service, wholesale, retail and online distribution of publications, which is a subsidiary of Jiangsu Hongtu and in which he was primarily responsible for managing brands, channels and sales and organising regional operation, from February 2001 to June 2004 and from October 2007 to June 2012. He also worked as a vice president of Sanpower from June 2004 to May 2006, the vice president of Jiangsu Hongtu from September 2005 to June 2007.

Mr. Wu obtained a bachelor's degree in law from Southwest University of Political Science & Law (西南政法大學) in June 1994.

**Ms. Yin Fang (尹芳女士)**, aged 45, is the deputy general manager and chief capital officer of our Company. She is primarily responsible for strategies and capital market operations aspects of our Group. She joined our Group as the deputy general manager and chief capital officer of Guanglian Shuke in May 2023.

Prior to joining our Group, she successively served as a senior specialist, knowledge management officer, investors relations officer and securities affairs representative of Gemdale Corporation (金地(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 600383) (“**Gemdale Corporation**”), a company that primarily engages in real estate development and sales, from June 2001 to February 2010. She was a partner, director and member of investment decision-making committee of Shenzhen ZS-Capital Ltd (深圳中時鼎誠投資管理有限公司), a company that primarily engages in asset management, from April 2011 to April 2015. She was a partner and member of investment decision-making committee of Tianjin Raystone Taihe Equity Investment Funds Management Partnership (Limited Partnership) (天津雷石泰合股權投資基金管理合夥企業(有限合夥)), a partnership that primarily engages in management of equity investment funds, from April 2015 to December 2019. She was the executive director and general manager of Shenzhen Pianyue Investment Co., Ltd. (深圳譜悅投資有限公司) (formerly known as Shenzhen Chiqiao Investment Consulting Co., Ltd. (深圳赤橋投資諮詢有限公司) and Shenzhen Puyue Investment Consulting Co., Ltd. (深圳譜悅投資諮詢有限公司)), a company that

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## DIRECTORS AND SENIOR MANAGEMENT

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primarily engages in investment consulting, from February 2021 to May 2023. She has also been a director of Shenzhen Toyon Biotech Co., Ltd. (深圳市碳源生物科技有限公司), a company that primarily engages in research and development of new products, techniques and technologies in the biotechnology field, since January 2022.

Ms. Yin received her bachelor's degree in engineering from University of South China (南華大學) in July 2001. She also obtained a master's degree in finance and a part-time degree of master of business administration from Peking University (北京大學) in July 2008 and June 2019, respectively.

**Mr. Zhang Yong (張勇先生)**, aged 45, is the deputy general manager, chief financial officer, the secretary to the Board and a joint company secretary of our Group. He is primarily responsible for financial and securities aspects of our Group. He joined our Group as the chief financial officer and secretary to the board of director of Guanglian Saixun in May 2018, and he has been a director of Guanglian Saixun since May 2023. He has been the deputy general manager of Guanglian Shuke since April 2022.

Mr. Zhang has over 20 years of experience in audit and accounting. Prior to joining our Group, Mr. Zhang was an auditor of Shenzhen Zhongtian Huazheng Certified Public Accountants Co., Ltd. (深圳中天華正會計師事務所有限公司) from January 2002 to February 2003. He worked as a project manager and a manager in Shenzhen City Fanghe Management Consulting Co., Ltd. (深圳市方和管理諮詢有限公司) (previously known as Shenzhen Nanfang Minhe Certified Public Accountants Co., Ltd. (深圳南方民和會計師事務所有限責任公司)) from March 2003 to June 2010, and subsequently worked as a manager in Zhongshen International Certified Public Accountants Shenzhen Branch (中審國際會計師事務所深圳分所) from July 2010 to April 2011. He served as a deputy chief financial officer of Xiamen Wanli Stone Stock Co., Ltd. (廈門萬里石股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002785), a company that primarily engages in design, processing, sales and installation of decorative stone and landscape stone, from May 2011 to April 2018.

Mr. Zhang received a bachelor's degree in economics from Hangzhou Dianzi University (杭州電子科技大學) (previously known as Hangzhou Electronics Industry Institution (杭州電子工業學院)) in June 2001.

**Mr. Shen Jian (沈劍先生)**, aged 47, is the deputy general manager and chief technology officer of our Group. He is primarily responsible for management of the R&D team and development of the SaaS systems of our Group. He worked in our Group as a deputy general manager of Guanglian Saixun from January 2016 to June 2017, and he rejoined our Group as a deputy general manager and the chief technology officer of Guanglian Shuke in February 2022.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Shen has over 14 years of experience in research and development. Prior to joining our Group, he was engineering manager of UTStarcom Telecom Co., Ltd (UT斯達康通訊有限公司) (a company listed on the Nasdaq, stock code: UTSI), a company that primarily engages in telecom services, from July 2001 to March 2010. He was a senior system engineer of Ericsson Mobile Data Application Technology Research & Development (Guangzhou) Co., Ltd., Shenzhen Branch (愛立信移動數據應用技術研究開發(廣州)有限公司深圳分公司) a company that primarily engages in research and development of electronic, communication and automatic control technology, from October 2011 to October 2013. He was also vice president of science and technology development centre of Shenzhen Liandong Yixing Technology Co., Ltd. (深圳聯動易行科技有限公司), a company that primarily engages in development and maintenance of platform and system for automobile rental companies, from July 2018 to January 2022.

Mr. Shen obtained a bachelor’s degree in computer and applications from Wuhan University of Hydraulic and Electrical Engineering (武漢水利電力大學) in June 1998. He also received a master’s degree in engineering from Wuhan University (武漢大學) in June 2001. He obtained the qualification of intermediate engineer from Human Resources and Social Security Bureau of Shenzhen Municipality (深圳市人事局) in September 2005.

**Ms. Duan Wenjin (段紋瑾女士)**, aged 34, is the deputy general manager and human resources and administration director of our Company. She is primarily responsible for human resources, administration and business services aspects of the Group. She joined our Group as the director of human resources Guanglian Saixun in July 2018, its deputy general manager since July 2021, and its supervisor since May 2023. She has also been the deputy general manager of Guanglian Shuke since April 2022.

Ms. Duan has approximately 10 years of experience in human resource management. Prior to joining our Group, Ms. Duan started working as a consultant in Guangzhou Zhongda Management Consulting Group Co., Ltd. (廣東中大管理諮詢集團股份有限公司), a company that primarily engages in market research services, business management consulting services and social and legal consulting, from November 2012 to July 2014. She served as a human resource business partner and a project manager of Shenzhen Fanhua United Investment Group Co., Ltd., Guangzhou Branch (深圳泛華聯合投資集團有限公司廣州分公司), a company that primarily engages in mortgage, private equity and wealth management, from October 2014 to October 2015. She subsequently worked as a director of human resources and strategic research department of Shenzhen City Xiaoke Internet Information Service Co., Ltd. (深圳市小科互聯網信息服務有限公司) (previously known as Shenzhen Qianhai Xiaoke Internet Financial Services Co., Ltd. (深圳前海小科互聯網金融服務有限公司)), a company that primarily engages in financial intermediation services, from July 2016 to July 2018.

Ms. Duan graduated from Hunan University (湖南大學) with a bachelor’s degree in business administration in June 2011 and a master’s degree in accounting in June 2013.

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## DIRECTORS AND SENIOR MANAGEMENT

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### GENERAL

Save as disclosed above and in “Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—1. Directors” in Appendix IV to this document, each of our Directors confirms with respect to him/her that: (i) he/she has not held any directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not hold any other position in our Company or any of our subsidiaries; (iii) he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there is no other information that should be disclosed for him/her pursuant to Rule 13.51(2) of or paragraph 47 of Appendix D1A to the Listing Rules; and (v) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders.

### JOINT COMPANY SECRETARIES

**Mr. Zhang Yong (張勇先生)** was appointed as one of our joint company secretaries on 12 May 2023. For biographical details of Mr. Zhang, please refer to the paragraph headed “Senior Management” in this section.

**Ms. Cheung Lai Ha (張麗霞女士)**, aged 45, was appointed as the joint company secretary of our Company on 31 August 2023. Ms. Cheung has been an assistant vice president of Governance Services of Computershare Hong Kong Investor Services Limited since February 2023. Ms. Cheung has over ten years of experience in corporate governance covering various sectors such as company secretary and compliance and acts as the company secretary for companies listed on the Stock Exchange.

Ms. Cheung obtained her bachelor’s degree in business administration from the Lingnan University in Hong Kong and a master’s degree in corporate governance from the Open University of Hong Kong (currently known as the Hong Kong Metropolitan University) in November 2002 and June 2011, respectively. She was admitted as an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom in July 2013.

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## DIRECTORS AND SENIOR MANAGEMENT

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### BOARD COMMITTEES

#### Audit Committee

Our Group has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our Audit Committee consists of three members, namely, Ms. Wei Chunlan, Mr. Feng Yuan and Ms. Ci Ying, all of whom are our independent non-executive Directors. Ms. Wei Chunlan is the chairlady of our Audit Committee and is our independent non-executive Director with the appropriate professional qualifications.

The primary duties of our Audit Committee are to review and supervise our financial reporting process, internal control and risk management system of our Group, oversee the audit process and perform other duties and responsibilities as may be assigned by our Board.

#### Remuneration Committee

Our Group has established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our Remuneration Committee consists of three members, namely, Mr. Feng Yuan, Mr. Zhao Zhan and Ms. Wei Chunlan. Mr. Feng Yuan is the chairman of our Remuneration Committee.

The primary duties of our Remuneration Committee include, but not limited to (i) establishing, reviewing and providing advices to our Board on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration; (ii) determining the terms of the specific remuneration package of each Director and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

#### Nomination Committee

Our Group has established a nomination committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. Our Nomination Committee consists of three members, namely Mr. Zhu Lei, Ms. Wei Chunlan and Ms. Ci Ying. Mr. Zhu Lei, the chairman of our Board, is the chairman of our nomination committee.



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## DIRECTORS AND SENIOR MANAGEMENT

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The primary duties of our Nomination Committee are to (i) review the structure, size and composition of our Board on a regular basis and make recommendations to our Board regarding any proposed changes to the composition of our Board; (ii) identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensure the diversity of our Board members; (iii) assess the independence of our independent non-executive Directors; and (iv) make recommendations to our Board on relevant matters relating to the appointment, re-appointment and removal of our Directors and succession planning for our Directors.

### Strategy Committee

Our Group has established a strategy committee. Our Strategy Committee consists of three members, namely, Mr. Zhu Lei, Mr. Jiang and Mr. Zhao. Mr. Zhu Lei, the chairman of our Board, is the chairman of our Strategy Committee.

The primary duties of our Strategy Committee include (i) reviewing and proposing general development strategy and specific strategic development plans of our Group; (ii) evaluating factors having an impact on strategic development and implementation in light of domestic and international financial conditions and market changes as well as the overall development of our business; (iii) proposing adjustments to our strategic plan and advice to our Board; and (iv) performing other duties and responsibilities as may be assigned by our Board.

## CONFIRMATION FROM OUR DIRECTORS

### Rule 3.09D of the Listing Rules

Each of our Directors confirms that he/she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2023, and (ii) understands his/her obligations as a director of a [REDACTED] under the Listing Rules.

### Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

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## DIRECTORS AND SENIOR MANAGEMENT

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### DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

Set out below are interests of our Directors in businesses which may compete with our business for the purpose of Rule 8.10(2) of the Hong Kong Listing Rules as of the Latest Practicable Date:

#### **Disclosable interest of Mr. Zhu Lei and Mr. Jiang**

Mr. Zhu Lei, the chairman of the Company and an executive Director, has been a director of Dianmi Technology since February 2022. Mr. Jiang, one of our executive Directors, has been the chairman of Dianmi Technology since May 2015. While the principal business of Jiangsu Hongtu is retail, financial services, art auction and technology manufacturing, as confirmed by the Directors, the majority of the revenue of Jiangsu Hongtu for year ended 31 December 2022 was derived from its industrial manufacturing business, including provision of photovoltaic cables and printers. For the year ended 31 December 2022, the majority of the revenue of Dianmi Technology was derived from provision of human resources services including the human resources online and offline services.

Despite Mr. Zhu Lei and Mr. Jiang's directorship in Dianmi Technology, the Company is of the view that (i) any potential competition between the Group and Dianmi Technology is not and is unlikely to be significant, and (ii) Mr. Zhu Lei and Mr. Jiang are capable of avoiding any actual and potential conflicts of interest for the following reasons:

- the business focuses of the Group and Dianmi Technology are different and should be delineated from and do not and are not likely to compete directly with the core business of the Group. As confirmed by Mr. Zhu Lei and Mr. Jiang, the primary business focus of Dianmi Technology is the provision of human resources online and offline services; and
- each of Mr. Zhu Lei and Mr. Jiang has irrevocably confirmed that insofar as they have interest in Dianmi Technology whether as directors or otherwise, they shall abstain from voting as the Director if any conflict of interest or duty arises from the Group's transactions with Dianmi Technology and Jiangsu Hongtu. Furthermore, each of Mr. Zhu Lei and Mr. Jiang are aware of their fiduciary duties as Directors which require that they must, among other things, act in good faith for the benefit of the Company, and avoid actual conflicts between their personal interests (such as their directorship with Dianmi Technology) and the interests of the Company. In particular, if any of Mr. Zhu Lei or Mr. Jiang has material interests, he shall make full disclosure in respect of matters that conflict or potentially conflict with the interest of the Group and absent himself from the Board meetings on matters in which he or his close associates might have a material interest.

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## DIRECTORS AND SENIOR MANAGEMENT

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As such, the Directors are of the view that the potentially competing interests of Mr. Zhu Lei and Mr. Jiang in Dianmi Technology would be unlikely to give rise to any material conflict of interest for the Group as a whole.

### Disclosable interest of Mr. Zou

Mr. Zou, who is our non-executive Director, currently holds positions with Beijing Yesway (a subsidiary of Xingmin ITS that is listed on the NEEQ). Mr. Zou was appointed to our Board in a non-executive capacity to represent Lianxing Yongsheng. For further details of Lianxing Yongsheng, please refer to “History, Reorganisation and Corporate Structure – [REDACTED] Investments – Information about our [REDACTED] Investors”.

As at the Latest Practicable Date, Mr. Zou is a director of Beijing Yesway. Beijing Yesway is a company listed on the NEEQ (Stock Code: NEEQ 430725). For the year ended 31 December 2022, Beijing Yesway was primarily engaged in the provision of vehicle-connected related solutions and services, including navigation, assistance, security, remote diagnosis, information services and concierge services. Beijing Yesway is a subsidiary of Xingmin ITS. For the year ended 31 December 2022, the majority of the revenue of Xingmin ITS was derived from the manufacturing of transport equipment, such as steel wheels.

Despite the directorship held by Mr. Zou in Beijing Yesway, as at the Latest Practicable Date, he did not hold any significant shareholding interest in Beijing Yesway or other subsidiaries of Xingmin ITS.

The Directors note that the business of Beijing Yesway may potentially compete with us as Beijing Yesway’s businesses involved solutions and services that involve the services provided to car users based on vehicle-connected technology. However, we are of the view that the positions of Mr. Zou as non-executive Director and a director of Beijing Yesway would not cause a material competition with our Group’s business and that any potential competition between our Group and Xingmin ITS is not and is unlikely to be significant for the following reasons:

- the business focuses of our Group, Xingmin ITS and Beijing Yesway are different and should be delineated from and do not and are not likely to compete directly with our core business. As confirmed by Mr. Zou, the primary business focus of Xingmin ITS is steel wheels, while Beijing Yesway engages in the in-vehicle hardware and vehicle-connected related solutions; notwithstanding the above, the targeted customers of our Group and Xingmin ITS and Beijing Yesway should be differentiated. Based on the publicly available information, and as further confirmed by Mr. Zou, the target customers of Xingmin ITS and Beijing Yesway are vehicle manufacturers, whereas the target customers of our Group cover 4S stores and other industry participants within the automotive aftermarket industry; in contrast, our Group primarily engages in (i) sales of in-vehicle hardware products and (ii) the provision of SaaS marketing and management services, primarily targeting 4S store customers and car users;

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## DIRECTORS AND SENIOR MANAGEMENT

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- Mr. Zou serves our Board in a primarily advisory capacity through providing strategic and business development advice. He is not intended to and do not exert significant influence on the day-to-day management of our Group's operations, which is vested in our executive Directors and our senior management, whose members do not have shareholding relationships or holding senior management roles with Beijing Yesway;
- while Mr. Zou is the director of Beijing Yesway, he does not holds any material shareholding interest in Xingmin ITS or Beijing Yesway, and moreover he does not have unilateral control over the operations of Xingmin ITS or Beijing Yesway as one member of its board of directors as at the Latest Practicable Date, and Mr. Zou himself does not have any decision-making power unless otherwise authorised by Xingmin ITS or Beijing Yesway's board of directors;
- Mr. Zou has irrevocably confirmed that insofar as he has interest in Xingmin ITS or Beijing Yesway, whether as a director or otherwise, he shall abstain from voting as our Director if any conflict of interest or duty arises from our Group's transactions with Beijing Yesway. Furthermore, Mr. Zou is aware of his fiduciary duties as a Director which require that he must, among other things, act in good faith for the benefit of our Company, and avoid actual conflicts between his personal interests (such as his directorship with Beijing Yesway) and the interests of our Company. In particular, if Mr. Zou has material interests, he shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the Board meetings on matters in which he or his close associates might have a material interest.

As an additional source of protection, our executive Directors also possess extensive experience in corporate and business management, finance and investment and also the development of electronic products, software and vehicle-connected solutions. Our executive Directors (together with our non-executive Directors and independent non-executive Directors) collectively have sufficient caliber and stature to ensure that the above mentioned corporate governance measures are effective.

As such, our Directors are of the view that the potentially competing interests of Mr. Zou is unlikely to give rise to any material conflict of interest for our Group as a whole.

Save for their respective interests in our Company and our subsidiaries and save as disclosed in this document, as of the Latest Practicable Date, no Controlling Shareholder, Director or any of their respective close associates had any interest in any other business apart from the business operated by our Group, which competes, or is likely to compete, either directly or indirectly, with the business of our Group and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

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## DIRECTORS AND SENIOR MANAGEMENT

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### CORPORATE GOVERNANCE

Our Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal procedures of our Group so as to achieve effective accountability and are committed to ensure the lawful, ethical and responsible operation of our Group's businesses. Our Company has adopted the code provisions stated in the Corporate Governance Code, with internal compliance policies in place which set out our compliance requirements so as to ensure consistency with the code provisions stated in the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Our Company is also committed to the view that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong independent element on our Board, which can effectively exercise independent judgment.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, our Directors were not aware of any deviation from the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules upon the completion of the [REDACTED].

### BOARD DIVERSITY POLICY

Our Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. Our Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at our Board level as an essential element in supporting the attainment of our Company's strategic objectives and sustainable development. Our Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talents, skills, gender, age, cultural and educational background, ethnicity, experience (professional or otherwise), independence, knowledge and length of service and any other factors that our Board may consider relevant and applicable from time to time. We will continue to implement measures and steps to promote and enhance gender diversity at all levels of our Company. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on our Board.

Our Directors also have a balanced mix of knowledge, skills and experience, including operation and management, legal, accounting, marketing, finance and investment. They obtained degrees in various majors including economics, laws, accounting, business administration, and management. Furthermore, our Board has a wide range of age, ranging from 32 years old to 58 years old. The presence of female members in our management (three out of nine of our Directors, namely Ms. Peng Chao,

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## DIRECTORS AND SENIOR MANAGEMENT

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Ms. Wei Chunlan and Ms. Ci Ying, also contributes to the gender diversity of our management team and offers us valuable strategic, management and operational insights from a female perspective. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. Currently, Ms. Duan Wenjin and Ms. Yin Fang, two members of our senior management, is female. Taking into account our business model and specific needs as well as the presence of three female Directors out of a total of nine Board members, we consider that the composition of our Board and our senior management satisfy our board diversity policy.

With regard to gender diversity on our Board, our board diversity policy further provides that it is our objective to maintain an appropriate balance of gender diversity with reference to our stakeholders' expectation and international and local recommended best practices. After the [REDACTED], the effective implementation of our board diversity policy will depend, to a certain extent, on our Shareholders' independent judgment on the suitability of individual candidates and their views on the scale of gender diversity of our Board. Considering the significance of gender diversity, our Nomination Committee will endeavour to identify additional suitable female Director candidates through internal promotion, referrals, engaging employment agencies or other reasonable means, and make recommendations to our Board for consideration from time to time. We will also ensure that there is gender diversity when recruiting staff at mid to senior levels of our Group on an on-going basis.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After [REDACTED], our Nomination Committee will review our board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of our board diversity policy in our corporate governance report on an annual basis.

Taking into account our existing business model and specific needs as well as the different background and abilities of our Directors, our Directors are of the view that the current composition of our Board satisfies the principles under our board diversity policy.

## COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Group in the form of directors' fees, salaries, benefits in kind, discretionary bonuses and retirement scheme contributions. The aggregate remuneration (including directors' fees, salaries, allowances, benefits in kind, discretionary bonuses and retirement scheme contributions) paid to our Directors for the Track Record Period were approximately RMB1.6 million, RMB1.5 million and RMB1.5 million, respectively. Save as disclosed above, no other amounts have been paid or are payable by any member of our Group to our Directors for the Track Record Period.

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## DIRECTORS AND SENIOR MANAGEMENT

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The aggregate amount of salaries, retirement benefits scheme contributions and performance related bonus paid to our five highest paid individuals in respect of the Track Record Period were approximately RMB3.2 million, RMB4.1 million and RMB4.4 million, respectively.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the Track Record Period. Further, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Under the arrangement currently in force, the aggregate remuneration (including directors' fees, salaries, allowances, benefits in kind, discretionary bonuses and retirement scheme contributions) of our Directors for the year ending 31 December 2024 is estimated to be no more than RMB1.7 million.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the [REDACTED], will receive recommendation from our Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

### COMPLIANCE ADVISER

In compliance with Rules 3A.19 of the Listing Rules, we have appointed Octal Capital Limited as our compliance adviser to provide advisory services to our Company. It is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill in the following circumstances:

- before the publication of any regulatory announcement, circular and financial report;
- where a transaction, which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where our Company proposes to use the [REDACTED] from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate or other information in this document; and
- where the Stock Exchange makes an inquiry of our Company according to Rule 13.10 of the Hong Kong Listing Rules.

## **DIRECTORS AND SENIOR MANAGEMENT**

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The term of the appointment shall commence on the [REDACTED] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the [REDACTED] and such appointment may be subject to extension by mutual agreement.

### **SHARE OPTION SCHEME**

Our Group has conditionally adopted the Share Option Scheme, pursuant to which, among others, the directors and employees of our Group may be granted options to subscribe for Shares.

The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information—D. Share Option Scheme” in Appendix IV to this document.



## SUBSTANTIAL SHAREHOLDERS

### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [REDACTED], but without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme, the following persons will have or be deemed or taken to have an interest or a short position in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Hong Kong Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

#### (i) Interests of Substantial Shareholders in Shares

Name	Nature of interest	Shares held as of the Latest Practicable Date <sup>(1)</sup>		Shares held upon completion of the [REDACTED] <sup>(1)&amp;(2)</sup>	
		Number	Approximate percentage	Number	Approximate percentage
ZH-tendency .....	Beneficial owner	15,834,306	26.13%	[REDACTED]	[REDACTED]%
ZL-expectations .....	Beneficial owner	6,599,333	10.89%	[REDACTED]	[REDACTED]%
Future Tendency .....	Interest in controlled corporation	15,834,306	26.13%	[REDACTED]	[REDACTED]%
Future Expectations.....	Interest in controlled corporation	6,599,333	10.89%	[REDACTED]	[REDACTED]%
Mr. Zhu Hui <sup>(3)</sup> .....	Interest in controlled corporation	15,834,306	26.13%	[REDACTED]	[REDACTED]%
	Interest held jointly with another person	22,433,639	37.02%	[REDACTED]	[REDACTED]%
	Interest through voting rights entrustment arrangement <sup>(4)</sup>	8,670,421	14.31%	[REDACTED]	[REDACTED]%
Ms. Chao Lu (巢璐) <sup>(5)</sup> .....	Interest of spouse	15,834,306	26.13%	[REDACTED]	[REDACTED]%
Mr. Zhu Lei <sup>(3)</sup> .....	Interest in controlled corporation	6,599,333	10.89%	[REDACTED]	[REDACTED]%
	Interest held jointly with another person	22,433,639	37.02%	[REDACTED]	[REDACTED]%
	Interest through voting rights entrustment arrangement <sup>(4)</sup>	8,670,421	14.31%	[REDACTED]	[REDACTED]%

## SUBSTANTIAL SHAREHOLDERS

Name	Nature of interest	Shares held as of the Latest Practicable Date <sup>(1)</sup>		Shares held upon completion of the [REDACTED] <sup>(1)&amp;(2)</sup>	
		Number	Approximate percentage	Number	Approximate percentage
Ms. Wang Ji (王佶) <sup>(6)</sup> .....	Interest of spouse	6,599,333	10.89%	[REDACTED]	[REDACTED]%
Huaixin Co-stone Investment Limited <sup>(7)</sup> .....	Beneficial owner	8,153,160	13.45%	[REDACTED]	[REDACTED]%
Huaixin Investment <sup>(7)</sup> ...	Interest in controlled corporation	8,153,160	13.45%	[REDACTED]	[REDACTED]%
Lingyu Co-stone <sup>(7)</sup> .....	Beneficial owner	2,857,140	4.71%	[REDACTED]	[REDACTED]%
Mr. Zhang Wei (張維) <sup>(7)</sup> .....	Interest in controlled corporation	11,010,300	18.17%	[REDACTED]	[REDACTED]%
Yantai Longhe <sup>(8)(10)</sup> .....	Beneficial owner	7,337,100	12.11%	[REDACTED]	[REDACTED]%
Mr. Gao <sup>(8)(10)</sup> .....	Beneficial owner	7,337,100(S)	12.11%	[REDACTED](S)	[REDACTED]%
	Interest in controlled corporation	7,337,100	12.11%	[REDACTED]	[REDACTED]%
Ms. Wang Yan (王艷) <sup>(9)</sup> .....	Interest in controlled corporation	7,337,100(S)	12.11%	[REDACTED](S)	[REDACTED]%
	Interest of spouse	7,337,100	12.11%	[REDACTED]	[REDACTED]%
Guangxi Free Trade Zone HuoZhenDuo Network Technology Co., Ltd (廣西自貿區活真多網絡科技有限公司) <sup>(10)</sup> .....	Person having a security interest in shares	7,337,100	12.11%	[REDACTED]	[REDACTED]%
Lianxing Yongsheng <sup>(11)</sup> .....	Beneficial owner	5,502,840	9.08%	[REDACTED]	[REDACTED]%
Xingmin ITS <sup>(11)</sup> .....	Interest in controlled corporation	5,502,840	9.08%	[REDACTED]	[REDACTED]%

[REDACTED]

## SUBSTANTIAL SHAREHOLDERS

Name	Nature of interest	Shares held as of the Latest Practicable Date <sup>(1)</sup>		Shares held upon completion of the [REDACTED] <sup>(1)&amp;(2)</sup>	
		Number	Approximate percentage	Number	Approximate percentage

[REDACTED]

*Notes:*

- (1) All interests are held in long position, other than those marked (S), which represent short position.
- (2) The calculation is based on the total number of [REDACTED] Shares in [REDACTED] immediately after the completion of the [REDACTED] (without taking into account any Shares that may be [REDACTED] upon the exercise of any options granted under Share Option Scheme).
- (3) Mr. Zhu Hui and Mr. Zhu Lei are parties acting in concert pursuant to an Acting in Concert Confirmation. By virtue of the SFO, they are deemed to be interested in the respective numbers of Shares held by other parties acting in concert. For further details, please refer to “Relationship with Our Controlling Shareholders Group—Our Controlling Shareholders Group—Acting in Concert Confirmation” in this document.
- (4) Pursuant to the Voting Rights Entrustment Agreement, Mr. Zhu Lei and Mr. Zhu Hui were entrusted by, among others, J-Visionary, ZZ-Intelligent and Rongying BVI to exercise the voting rights attached to approximately 14.31% of the total issued share capital of the Company. For details, see “Relationship with Our Controlling Shareholders Group” in this document.
- (5) Ms. Chao Lu is the spouse of Mr. Zhu Hui and is deemed to be interested in the Shares held by Mr. Zhu Hui under the SFO.
- (6) Ms. Wang Ji is the spouse of Mr. Zhu Lei and is deemed to be interested in the Shares held by Mr. Zhu Lei under the SFO.

## SUBSTANTIAL SHAREHOLDERS

- (7) Huaixin Co-stone is wholly-owned by Huaixin Investment. The general partner of Huaixin Investment is Urumqi Phoenix, whose general partner is Shanghai Keshen Management Consulting Co., Ltd. (上海客申管理諮詢有限公司) which is a limited liability company established under the laws of the PRC and is ultimately controlled by Mr. Zhang Wei. Lingyu Co-stone is wholly-owned by Lingyu Investment, and the general partner of Lingyu Investment is Lingxin Jishi, which in turn is held as to 99.0% by Urumqi Phoenix and 1.0% by Urumqi Kunlun. The general partner of Urumqi Phoenix is Shanghai Keshen. Shanghai Keshen is wholly-owned by Shenzhen Co-stone Venture Investment Management Company Limited (基石資產管理股份有限公司) (“**Co-stone Venture**”). Co-stone Venture is held as to 41.7% by Ma’anshan Shenzhou Jishi Equity Investment Partnership (Limited Partnership) (馬鞍山神州基石股權投資合夥企業(有限合夥)). Mr. Zhang Wei through a number of controlled corporations directly and indirectly controlled Co-stone Venture. As such, Shanghai Keshen is ultimately controlled by Mr. Zhang Wei, and Mr. Zhang Wei is the ultimate beneficial owner of both Huaixin Co-stone and Lingyu Co-stone and is deemed to be interested in the respective Shares held by Huaixin Co-stone and Lingyu Co-stone.
- (8) Yantai Longhe is held as to 25% by each of Mr. Gao, Mr. Cui, Mr. Wang Zhicheng (王志成), and Mr. Zou Fangkai (鄒方凱). Mr. Gao is deemed to have control over Yantai Longhe and deemed to be interested in the Shares held by Yantai Longhe.
- (9) Ms. Wang Yan is the spouse of Mr. Gao and is deemed to be interested in the Shares held by Mr. Gao under the SFO.
- (10) Pursuant to a deed of equitable share mortgage dated 21 April 2023, 7,337,100 ordinary shares of par value US\$0.0001 each in the share capital of the Company registered in the name of Yantai Longhe have been mortgaged in favour of Guangxi Free Trade Zone HuoZhenDuo Network Technology Co., Ltd (廣西自貿區活真多網絡科技有限公司).
- (11) Lianxing Yongsheng is wholly-owned by Xingmin ITS.
- (12) [REDACTED]
- (13) [REDACTED]

### (ii) Substantial shareholders of other members of our Group

For further information on substantial shareholders of other members of our Group, please refer to “Statutory and General Information—C. Further Information about our Directors and Substantial Shareholders—2. Interest discloseable under the SFO and substantial shareholders” in Appendix IV to this document.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [REDACTED] (without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme), have interests or short positions in Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and/or any of our subsidiaries. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

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[REDACTED]



## SHARE CAPITAL

### AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately after the completion of the [REDACTED] and [REDACTED].

As at the Latest Practicable Date, our authorised share capital was USD50,000 divided into 500,000,000 Shares of USD0.0001 each.

Without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme, the share capital of our Company immediately following the [REDACTED] will be as follows:

<u>Description of Shares</u>	<u>Number of Shares</u>	<u>Aggregate nominal value of the Shares</u> (US\$)	<u>Approximate percentage of issued share capital</u> (%)
Shares in issue .....	60,600,000	6,060	[REDACTED]
Shares to be [REDACTED] pursuant to the [REDACTED] .....	[REDACTED]	[REDACTED]	[REDACTED]
Shares to be [REDACTED] under the [REDACTED] .....	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total .....</b>	<b>[REDACTED]</b>	<b>[REDACTED]</b>	<b>100.0</b>

### ASSUMPTIONS

The above table assumes that the [REDACTED] becomes unconditional and is completed in accordance with the relevant terms and conditions and that the Shares are [REDACTED] pursuant to the [REDACTED] and the [REDACTED]. The above does not take into account any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKING

The [REDACTED] are Shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank equally for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this document. The above does not take into account any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

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## SHARE CAPITAL

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### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed "Statutory and General Information—D. Share Option Scheme" in Appendix IV to this document.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

### MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of the [REDACTED] and at all times thereafter, our Company must maintain the minimum prescribed percentage of [REDACTED]% of the total issued share capital of our Company in the hands of the [REDACTED].

### GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Subject to the conditions stated in "Structure of the [REDACTED]", our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares of such convertible securities, including the right to resell and/or deal with the treasury Shares, and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

- (i) a rights issue;
- (ii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles of Association;
- (iii) a specific authority granted by the Shareholders in general meeting,

shall not exceed the aggregate of:

- (i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the [REDACTED] (but excluding any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme and treasury Shares held by our Company, if any); and
- (ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the section headed "General Mandate to Repurchase Shares" below.

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## SHARE CAPITAL

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This general mandate to issue Shares will expire at the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed “Statutory and General Information—A. Further information about our Group—3. Written Resolutions of our Shareholders passed on 18 June 2024” in Appendix IV to this document.

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in “Structure of the [REDACTED]”, our Directors have been granted a general unconditional mandate to exercise all powers of our Company to repurchase the Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in the issue immediately following the completion of the [REDACTED] (without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme and treasury Shares, if any).

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be [REDACTED] (and which is recognised by the SFC and the Stock Exchange of this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules.

This general mandate to repurchase Shares will expire at the earliest of:

- (i) the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) when varied or revoked by any ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed “Statutory and General Information—A. Further information about our Group—6. Repurchase by our Company of our own securities” in Appendix IV to this document.

## FINANCIAL INFORMATION

*You should read this section in conjunction with our consolidated financial information as set out in Appendix I to this document. The consolidated financial information has been prepared in accordance with the International Financial Reporting Standards (“IFRS”), which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountants’ Report and not merely rely on the information contained in this section.*

*The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in “Risk Factors” in this document.*

*In addition, the following discussion and analysis contains certain amounts and percentage figures that may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be arithmetic aggregation of the figures preceding them, and all monetary amounts and percentages shown are approximate amounts only.*

## OVERVIEW

We are an in-vehicle hardware and SaaS marketing and management service provider for players within the automotive aftermarket industry in China, with a focus on providing (i) sales of in-vehicle hardware products; and (ii) provision of SaaS marketing and management services covering SaaS subscription services and SaaS value-added services to the industry participants along the industry value chain. The automotive aftermarket industry was highly fragmented and consisted of many subsectors. In terms of revenue, in 2023, the market size of sales of in-vehicle hardware and SaaS marketing and management services for the automotive aftermarket industry accounted for approximately 0.5% and 0.4%, respectively of the much larger automotive aftermarket industry. According to the CIC Report, we ranked first as a SaaS marketing and management services provider for the automotive aftermarket industry in China with a market share of 6.1% in terms of revenue in 2023, and we ranked third as an in-vehicle hardware provider for the automotive aftermarket industry in China with a market share of 3.4% in terms of revenue in 2023.

Founded and headquartered in Shenzhen since 2012, we are dedicated to empowering our customers in the automotive aftermarket industry to better connect with their customers through our sales of in-vehicle hardware products business and provision of SaaS marketing and management services, and thus to achieve

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enhancement of marketing and management capability and efficiency. With decade-long operational experience, and coupled with our industry insight and the power of technology we have developed industry-specific products and services for industry participants along the automotive aftermarket industry such as 4S stores to improve their marketing and operational efficiencies.

The following table provides a breakdown of our revenue by business line during the Track Record Period:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
<b>Sales of in-vehicle hardware products . . . . .</b>	175,947	53.8	172,672	41.7	226,098	40.3
<b>SaaS marketing and management services</b>						
SaaS subscription services	141,513	43.3	130,270	31.5	134,525	24.0
SaaS value-added services	9,314	2.9	110,918	26.8	199,946	35.7
Sub-total . . . . .	150,827	46.2	241,188	58.3	334,471	59.7
<b>Total . . . . .</b>	<b>326,774</b>	<b>100.0</b>	<b>413,860</b>	<b>100.0</b>	<b>560,569</b>	<b>100.0</b>

### KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been and will continue to be affected by a number of factors, which primarily include the following:

- our ability to keep abreast of the latest market developments in the automotive aftermarket industry in China and IT technological changes may drive us out of competition;
- our ability to continue to maintain and expand our customer base; and
- PRC government’s policies and regulations.

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### **Our ability to keep abreast of the latest market developments in the automotive aftermarket industry in China and IT technological changes may drive us out of competition**

The automotive aftermarket industry is significantly affected by the overall economic condition in China, evolving industry standards, changing customers' preferences and frequent introductions of new digitalised products and services. The introduction of new technologies and the emergence of new industry standards may render our products and services obsolete or uncompetitive. Accordingly, our future success will depend, in part, on our ability to (i) adapt to rapidly changing technologies and industry standards; (ii) continuously improve our know-how in technological advancement and changes; (iii) accumulate in-depth knowledge of the features and functionalities of the digitalised products and services; and (iv) maintain and enhance our research and development capability and industry insight to meet the requirements and preferences of our customers. If we fail to keep up with industry development trends or IT technological changes, or if we fail to introduce new digitalised products and services, our ability to respond effectively to customer demands may be adversely affected, which may undermine our future development and have an adverse impact on our business and financial results.

### **Our ability to maintain and expand our customer base**

We enjoy a broad customer base in the automotive aftermarket industry mainly due to our business model encompassing both (i) sales of in-vehicle hardware products to 4S store customers and in-vehicle device OBM customers, and (ii) SaaS marketing and management services provided to 4S store customers and automotive financing and leasing company customers. We believe our diversified products and services have attracted customers from different segments in the value chain of the automotive aftermarket industry and thereby enabled us to capture the business opportunities along the entire value chain. Our continuing business growth and profitability are largely dependent on our ability to maintain and develop close and mutually beneficial relationships with both existing and potential customers. As such, deterioration of business relationships with our customers created by factors such as dissatisfaction of our services, miscommunication and poor experiences in conflict resolution and disagreement in the pricing of our services, may adversely affect our business, financial conditions and results of operations.

### **PRC government's policies and regulations**

We are engaged in an industry where policies and regulations play a critical role in our business. Our operations are sensitive to changes in PRC governmental policies, laws and regulations relating to SaaS-based services, the automotive aftermarket industry or changes in the implementation of such policies, laws and regulations. We believe the application of digitalisation products and services for the automotive aftermarket industry and favourable regulations will further improve the prospects of our business.

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During the Track Record Period, we recognised government grants amounting to RMB1.7 million, RMB1.7 million and RMB0.7 million for FY2021, FY2022 and FY2023, respectively. In addition, we received the refund of PRC value-added tax and surcharges amounted to RMB7.3 million, RMB4.0 million and RMB6.3 million for FY2021, FY2022 and FY2023 respectively. For further details of our government grants and tax benefits received during the Track Record Period, please refer to Note 7 to the Accountants' Report in Appendix I in this document. As a result, our results of operations will be affected by our ability to continue recognising these government grants and tax benefits, which in turn will be affected by factors that are out of our control such as government policies. In case we no longer enjoy the government grants that are out of our control and tax benefits or there is any withdrawal or cancellation of relevant favourable government policies, our profitability and results of operations could be materially affected.

### IMPACTS OF THE COVID-19 OUTBREAK

Since December 2019, the COVID-19 outbreak has had a significant impact to the global economy. In response, the PRC government has implemented strict measures to control COVID-19 outbreak in the PRC. In particular, lockdowns, closure of workplaces and travel and transport restrictions were put in place to contain the spread of the virus. During the COVID-19 outbreak, our business was negatively affected due to the reduced demand in the automotive aftermarket industry generally and the cost savings measures implemented by some of our customers, which had an impact on our results of operation. The pandemic mitigation measures imposed had similarly caused negative impact to the business operations of our 4S store customers.

Since the start of 2021 and up to 2022, there have been reoccurrences of COVID-19 cases in a number of cities of China, in response to which the government had taken further measures and actions in such areas, where our own business operations, as well as the operations of our business partners were affected. There remains uncertainty surrounding how the COVID-19 outbreak will develop in the PRC. Should the PRC government take emergency measures to combat further outbreaks of COVID-19, including imposing travel restrictions, mandatory cessations of business operations, mandatory quarantines, work-from-home and other alternative working arrangements, and limitations on social and public gatherings and lockdowns of cities or regions, the overall economic conditions in the PRC will be negatively impacted, which in turn may affect our results of operations. In 2023, following the relaxation of COVID-19 policies and overall recovery of business activities in the PRC, we expect a rebound in our business operation and financial performance in FY2023. While COVID-19 containment measures had, to a certain extent, affected our business during the Track Record Period, as at the Latest Practicable Date, our business operations and financial conditions were not materially impacted by the containment measures that have been put in place.

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### BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 12 January 2022 as our [REDACTED] vehicle. In preparation of the [REDACTED], our Group had undergone the Reorganisation, after which our Company has become the holding company of the companies now comprising our Group. For details, see “History, Reorganisation and Corporate Structure” in this document.

The historical financial information of our Group has been prepared by our Directors based on the accounting policies which conform with IFRSs issued by the International Accounting Standards Board (“IASB”), on the basis of presentation and preparation as set out in Note 2 to the Accountant’s Report set out in Appendix I to this document.

### MATERIAL ACCOUNTING POLICIES

We have identified certain accounting policies that are material to the preparation of our historical financial information. These accounting policies are important for an understanding of our financial position and results of operations and are discussed in note 4 to the Accountants’ Report in Appendix I to this document.

In addition, our Group makes judgements, estimates and assumptions about our carrying amounts of assets and liabilities, and these judgements, estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods. The critical accounting judgements and key sources of estimation uncertainty are discussed in note 5 to the Accountants’ Report in Appendix I to this document.



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### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table summarises the Company’s consolidated statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in the Accountants’ Report in Appendix I to this document.

	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
<b>Revenue</b> . . . . .	326,774	413,860	560,569
Cost of sales . . . . .	<u>(232,093)</u>	<u>(240,671)</u>	<u>(308,791)</u>
<b>Gross profit</b> . . . . .	94,681	173,189	251,778
Other income . . . . .	15,000	9,675	9,737
Other gains and losses . . . . .	260	8,164	9,714
Impairment losses recognised under expected credit loss model (“ECL”), net of reversal . . . . .	(74)	(521)	(1,554)
Distribution and selling expenses . . . . .	(31,807)	(91,280)	(159,126)
Administrative expenses . . . . .	(17,348)	(18,367)	(21,203)
Research and development expenditure . . . . .	(16,803)	(16,999)	(18,074)
Share of results of associates . . . . .	(57)	–	174
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs . . . . .	<u>(1,930)</u>	<u>(1,637)</u>	<u>(2,283)</u>
<b>Profit before taxation</b> . . . . .	40,364	53,023	58,968
Income tax expense . . . . .	<u>(5,291)</u>	<u>(5,606)</u>	<u>(7,426)</u>
<b>Profit for the year</b> . . . . .	<u><b>35,073</b></u>	<u><b>47,417</b></u>	<u><b>51,542</b></u>
Other comprehensive income for the year <i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”) . . . . .	<u>(11,156)</u>	<u>(5,169)</u>	<u>(1,801)</u>
<b>Total comprehensive income for the year</b> . . . . .	<u><b>23,917</b></u>	<u><b>42,248</b></u>	<u><b>49,741</b></u>

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	FY2021	FY2022	FY2023
	RMB'000	RMB'000	RMB'000
Profit for the year attributable to:			
Owners of the Company . . . . .	31,831	44,145	51,129
Non-controlling interests . . . . .	3,242	3,272	413
	35,073	47,417	51,542
Total comprehensive income for the year attributable to:			
Owners of the Company . . . . .	21,167	39,204	49,328
Non-controlling interests . . . . .	2,750	3,044	413
	23,917	42,248	49,741

### NON-IFRS MEASURES

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also presented adjusted profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) as non-IFRS financial measures which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS financial measures when shown in conjunction with the corresponding IFRS financial measures provides useful information to potential investors and management in understanding and evaluating our operating performance from period to period. We believe that such measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management.

We define the adjusted profit for the year (non-IFRS measure) by adding back the [REDACTED] to the profit for the year as presented in accordance with IFRS. [REDACTED] are mainly expenses related to the [REDACTED] and added back mainly because they were incurred for the purpose of the [REDACTED]. We present the adjusted net profit margin (non-IFRS measure) by dividing adjusted net profit for the year by revenue for the year and multiplying the result by 100%.

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The following table sets forth the adjusted profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) in the year stated below:

	FY2021	FY2022	FY2023
	RMB'000	RMB'000	RMB'000
<b>Profit for the year</b> . . . . .	<b>35,073</b>	<b>47,417</b>	<b>51,542</b>
Adjusted for [REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
<b>Adjusted profit for the year (non-IFRS measure)</b> . . . . .	<b>36,631</b>	<b>56,618</b>	<b>61,737</b>
<b>Adjusted net profit margin for the year (non-IFRS measure)</b> . . . . .	<b>11.2%</b>	<b>13.7%</b>	<b>11.0%</b>

### DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

#### Revenue

##### *Revenue by business line*

During the Track Record Period, our business was the sales of in-vehicle hardware products and the provision of SaaS marketing and management services. The following table provides a breakdown of our revenue by business line:

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Sales of in-vehicle hardware products</b>						
In-vehicle infotainment system . . . . .	79,667	24.4	96,643	23.4	126,710	22.6
In-vehicle safety system. .	16,817	5.1	13,433	3.2	24,875	4.4
Core board . . . . .	79,463	24.3	62,596	15.1	74,513	13.3
Sub-total . . . . .	175,947	53.8	172,672	41.7	226,098	40.3

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	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
<b>SaaS marketing and management services</b>						
SaaS subscription services . . . . .	141,513	43.3	130,270	31.5	134,525	24.0
SaaS value-added services . . . . .	9,314	2.9	110,918	26.8	199,946	35.7
Sub-total . . . . .	150,827	46.2	241,188	58.3	334,471	59.7
<b>Total . . . . .</b>	<b>326,774</b>	<b>100.0</b>	<b>413,860</b>	<b>100.0</b>	<b>560,569</b>	<b>100.0</b>

Our total revenue increased from RMB326.8 million for FY2021 to RMB413.9 million for FY2022, representing an increase of approximately by RMB87.1 million or 26.7%, which was mainly driven by (i) the increase in revenue from SaaS value-added services as a result of our continuous effort to promote and develop SaaS value-added services and (ii) the expansion in the number of our 4S store customers and partially offset by (iii) the slight decrease in revenue from sales of in-vehicle hardware products. Our total revenue increased from RMB413.9 million for FY2022 to RMB560.6 million for FY2023, representing an increase of approximately RMB146.7 million or 35.4%. Such significant increase in overall revenue from FY2022 to FY2023 was mainly attributable to the (i) increase in revenue from sales of in-vehicle hardware products of approximately RMB53.4 million and (ii) increase in revenue from SaaS value-added services of approximately RMB89.0 million in FY2023, with both of these increases being driven by (i) the market rebound as a result of the relaxation in the travel restrictions to cope with COVID-19 and (ii) favourable policies rolled out in the PRC in FY2023, including the subsidies and incentives to boost the automotive consumption such as the tax reduction and exemption policy on NEV purchases, leading to the increase in automotive sales and thus the demand for our products and services.

**(1) Sales of in-vehicle hardware products**

During the Track Record Period, revenue from our sales of in-vehicle hardware products was RMB175.9 million, RMB172.7 million and RMB226.1 million, representing 53.8%, 41.7% and 40.3% of our total revenue, respectively.

The decreasing trend in revenue contribution of our sales of in-vehicle hardware products from FY2021 to FY2022 was mainly attributable to (i) the negative impact brought by COVID-19 in China and on the operations of our 4S store customers; (ii)

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traveling restriction imposed within the PRC, leading to the reduced demand of our sales of in-vehicle hardware products; and (iii) a change in our product mix on the increased sales of low-cost and low-priced in-vehicle products such as core boards.

Despite the above decreasing revenue contribution of our sales of in-vehicle hardware products from FY2021 to FY2022, we achieved a rebound in our sales of in-vehicle infotainment system as the sales of our in-vehicle infotainment systems increased significantly as a result of the group purchasing campaign service that we launched under our SaaS value-added service starting from the second half of FY2022 under which our 4S stores customers promote a wide range of vehicle-related products and services to car users, which drove up the sales of our in-vehicle infotainment and in-vehicle safety products. The sales of in-vehicle infotainment system increased from RMB79.7 million in FY2021 to RMB96.6 million in FY2022, representing an increase of RMB17.1 million, among which RMB14.0 million or 82.5% was contributed by new customers after launching group purchasing campaign. We provide group purchasing campaign service to our 4S store customers of our SaaS subscription services who use our Dijia SaaS. Based on such group purchasing campaign, our 4S store customers, through our Dijia SaaS, select the targeted car user group and suitable products catering to the needs of their car users customers through Dijia SaaS. In particular, we design targeted marketing strategies and produce specialised marketing content such as graphics/videos/live streaming to assist marketing activities. Our 4S store customers use Dijia SaaS to push relevant marketing content to their car user customers through WeCom/mini programme/official account/SMS and attract them to visit the 4S stores or place orders online. After the car users visit our customers' 4S stores, we facilitate the transaction through offline marketing. The products covered under such group purchasing campaign mainly involve 360-degree navigation device, large-screen car consoles, car seat heaters under our in-vehicle infotainment systems which are offered without any discount which are offered without any discount. The usual term of such group purchase campaign is approximately one week.

However, the sales of our in-vehicle safety system decreased from approximately RMB16.8 million in FY2021 to approximately RMB13.4 million in FY2022, resulting from the decrease in sales of our rear-view mirror product. Besides, the sales of our core board decreased from approximately RMB79.5 million to RMB62.6 million as some of the products gradually phased out in FY2022 due to lower demand. Furthermore, the Group's sale of in-vehicle hardware products was negatively affected by the uncertainty in the PRC economy triggered by the travel restrictions that have been put into place to cope with COVID-19, which did not officially end until the first half of 2023. As a result of the foregoing, the revenue from our sales of in-vehicle hardware products decreased from FY2021 to FY2022.

From FY2022 to FY2023, we achieved a significant increase in our sales of in-vehicle hardware products from approximately RMB172.7 million to RMB226.1 million, which was driven by (i) the market rebound as a result of the relaxation in the travel restrictions to cope with COVID-19; and (ii) favourable policies rolled out in the

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PRC in FY2023, including the subsidies and incentives to boost automotive consumption. The increase in sales in this segment was also attributable to (iii) the efforts the Group's implementation of the group purchasing strategy, which commenced in the second half of 2022, resulting in an increase in sales of in-vehicle infotainment systems from RMB96.6 million in FY2022 to RMB126.7 million in FY2023, representing an increase of RMB30.1 million, among which RMB9.3 million or 30.9% was contributed by new customers after launching group purchasing campaigns. In addition, in FY2023, (iv) we launched new models of streaming media rear-view mirror with enhanced functions such as driving, recorder and voice control, boosting the sales of our in-vehicle safety system; and (v) we launched new models of core boards with upgraded functions such as wireless phone connectivity, improved algorithm, improved image recognition, and the enhanced functionalities had been well-received by our customers. As a result of the foregoing, our sales of in-vehicle infotainment system increased from approximately RMB96.6 million to RMB126.7 million; our sales of in-vehicle safety system increased from approximately RMB13.4 million to RMB24.9 million; and our sales of core board from RMB62.6 million to RMB74.5 million from FY2022 to FY2023.

### **(2) SaaS marketing and management services**

During the Track Record Period, revenue from our SaaS marketing and management services was RMB150.8 million, RMB241.2 million and RMB334.5 million, representing 46.2%, 58.3% and 59.7% of our total revenue, respectively. The overall increasing trend in the revenue and revenue contribution from our SaaS marketing and management services was driven by (i) our increased sales and marketing efforts to develop our SaaS marketing and management services; (ii) increased investments in expanding our sales efforts to promote our SaaS value-added services and (iii) our expansion in the geographical scope of our presence in 4S stores across China which allowed our Group's direct sales force to support the regional sales, thereby expanding our sales network and customer base.

Our SaaS marketing and management services can be further classified into (1) SaaS subscription services and (2) SaaS value-added services.

During the Track Record Period, our revenue derived from SaaS subscription services was approximately RMB141.5 million, RMB130.3 million and RMB134.5 million, respectively, representing approximately 43.3%, 31.5% and 24.0% of our total revenue, respectively. From FY2021 to FY2022, the revenue derived from SaaS subscription services decreased from RMB141.5 million to RMB130.3 million. Such decrease was mainly due to the decreasing average revenue per active 4S store customers for Dijia SaaS as a result of the negative impact brought by reoccurrences of COVID-19 during FY2022 and in particular, the traveling restrictions imposed within the PRC and city-wide lock-downs happening across numerous cities, which led to the reduced demand of our SaaS marketing and management services from our 4S store customers. From FY2022

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to FY2023, the revenue derived from SaaS subscription services resumed its growth, and increased from RMB130.3 million in FY2022 to RMB134.5 million in FY2023, representing an increase of approximately RMB4.2 million.

During the Track Record Period, our revenue derived from SaaS value-added services was RMB9.3 million, RMB110.9 million and RMB199.9 million, respectively, representing approximately 2.9%, 26.8% and 35.7% of our total revenue, respectively. The continuous increasing trend in revenue contribution from our SaaS value-added services since FY2021 was due to (i) the growing market demand, (ii) our increased variety of service offerings, (iii) our increased efforts in expanding our sales efforts to promote our SaaS value-added services since 2021 and (iv) our expansion in the geographical scope of our presence in 4S stores across China, which allowed our Group's direct sales force to support the regional sales, thereby expanding our sales network and customer base.

According to CIC Report, with the increasing varieties of 4S stores' value-added service lines and complexity of digitalisation marketing and management software services for stores in the automotive aftermarket industry, 4S stores have shown their growing demand for SaaS value-added services since the outbreak of COVID-19. The Directors believe that SaaS value-added services is an innovative business model for the automotive aftermarket industry with a huge growth potential.

To capture this new business opportunity, we have launched our SaaS value-added services in FY2021 and continuously expanded the varieties of our service offerings to capture the growing market demand. For example, in FY2021, our SaaS value-added services covered auto decoration products and services; whereas in FY2022, we promoted our group purchasing campaign service as part of our SaaS value-added service. Besides, in the second half of 2023, we also commenced cooperation with a NEV OEM to assist its NEV 4S stores with an aim to improving the conversion rates of extended warranty sales for these NEV 4S stores.

In view of the vast industry potential, and in addition to rolling out new service offerings, we have also placed strategic focus on targeting 4S stores groups and expand our customer base with our SaaS value-added service offerings and our increased marketing efforts in promoting these services, which contributed to the increase in the number of our active 4S store customers from 667 stores during the year ended 31 December 2022 to 1,429 stores during the year ended 31 December 2023. Besides, since we launched our SaaS value-added services in 2021, our SaaS value-added business was at its initial stage and took time to grow our customer base. As our customer base continue to develop and the varieties of our service offerings increased, we achieved a significant growth in our revenue in FY2021 and FY2022. As a result of the foregoing, the average revenue per 4S store customer for SaaS value-added services increased from RMB83,000 for FY2021 to RMB166,000 for FY2022 and decreased to RMB139,920 for FY2023 while expanding the number of our active 4S store customers .

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In addition, we expanded the geographical scope of our presence in 4S stores across China, which allows our Group’s direct sales force to support the regional sales while expanding our sales network and customer base, which had the effect of quickly increasing our revenue contribution from our SaaS value-added service offerings. For this purpose, we have established 72 subsidiaries under Dijia Smart Cloud to carry out our business covering various regions of China as at the Latest Practicable Date.

### Revenue by sales channel

	FY2021		FY2022		FY2023	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Direct Sales</b>						
<b>Sales of in-vehicle hardware products . . . . .</b>						
	143,349	43.8	124,197	30.0	138,751	24.7
<b>SaaS marketing and management services . . .</b>						
	104,816	32.1	199,059	48.1	305,013	54.4
SaaS subscription services .	95,502	29.2	88,141	21.3	105,067	18.7
SaaS value added services (Note) . . . . .	9,314	2.9	110,918	26.8	199,946	35.7
<b>Sales by channel partners</b>						
<b>Sales of in-vehicle hardware products . . . . .</b>						
	32,598	10.0	48,475	11.7	87,347	15.6
<b>SaaS marketing and management services . . .</b>						
	46,011	14.1	42,129	10.2	29,458	5.3
SaaS subscription services .	46,011	14.1	42,129	10.2	29,458	5.3
<b>Total . . . . .</b>	<b>326,774</b>	<b>100.0</b>	<b>413,860</b>	<b>100.0</b>	<b>560,569</b>	<b>100.0</b>

Note: During the Track Record Period, we provided SaaS value-added services through direct sales only.

During the Track Record Period, our sales were primary conducted through: (i) direct sales by our sales and marketing team, and (ii) distributing our in-vehicle hardware and SaaS subscription services through our channel partners. For further details on our business model with direct sales and sales to channel partners, please refer to the section headed “Business – Sales and marketing – Sales channels” of this document. During the Track Record Period, our revenue from direct sales represented approximately 75.9%, 78.1% and 79.1%, respectively; whereas our revenue from sales by channel partners were 24.1%, 21.9% and 20.9%, respectively. The overall increasing trend from FY2021 to FY2023 in the proportion of our direct sales was due to our expansion in the geographical scope of our presence in 4S stores across China, which allowed our Group’s direct sales force to support the regional sales of our different services offerings, including in particular our SaaS value-added services to our 4S store customers. For FY2023, the revenue of sales of in-vehicle hardware products through



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both direct sales and sales by channel partners increased, which was attributable to (i) the increase of sales derived from (a) the group purchase initiatives through the direct sales channel by 11.7% to RMB138.8 million and (b) the increase in sales of our core boards with improved functionalities, (ii) we achieved significant increase of sales to our channel partners to RMB87.3 million due to new models of rear-view mirrors and in-vehicle infotainment systems being introduced.

### Cost of sales

During the Track Record Period, our costs of sales primarily consisted of (i) costs of hardware (ii) installation costs and (iii) data traffic and cost of services.

Costs of hardware primarily consisted of electronic components that we procured for the manufacturing of our in-vehicle hardware products including in-vehicle entertainment, core boards and in-vehicle safety devices, and the key components that we purchased included touch screens, cameras, recorders, and GPS modules. We purchase these electronic components and provide them to our third party hardware manufacturers for assembly and integration.

Installation costs primarily consisted of costs charged by technicians who install our in-vehicle hardware products into vehicles and warehousing expenses before our in-vehicle hardware products were installed.

Data traffic and costs of services primarily consisted of data usage fees payable to mobile network operators for maintaining the wireless connections between our customers, car users and in-vehicle hardware in relation to the sales of in-vehicle hardware products.

The following table sets out the breakdown of our cost of sales during the Track Record Period:

	FY2021		FY2022		FY2023	
	Cost of sales	Percentage of cost of sales	Cost of sales	Percentage of cost of sales	Cost of sales	Percentage of cost of sales
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Costs of hardware . . . . .	186,140	80.2	185,874	77.2	238,772	77.3
Installation costs . . . . .	26,727	11.5	31,210	13.0	35,618	11.5
Data traffic and costs of services . . . . .	19,226	8.3	23,587	9.8	34,401	11.2
<b>Total . . . . .</b>	<b>232,093</b>	<b>100.0</b>	<b>240,671</b>	<b>100.0</b>	<b>308,791</b>	<b>100.0</b>

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The following sensitivity analysis illustrates the impact of hypothetical fluctuations in (i) costs of hardware; (ii) installation costs; and (iii) data traffic and costs of services on our profit before taxation for the years indicated, assuming all other factors affecting our profitability had remained unchanged.

Increase/decrease in costs of hardware:

	Increase/Decrease by 1%	Increase/Decrease by 5%	Increase/Decrease by 10%
	RMB'000	RMB'000	RMB'000
<b>Corresponding change in profit before taxation</b>			
FY2021 . . . . .	+/-1,861	+/-9,307	+/-18,614
FY2022 . . . . .	+/-1,859	+/-9,294	+/-18,587
FY2023 . . . . .	+/-2,388	+/-11,939	+/-23,877

Increase/decrease in installation costs:

	Increase/Decrease by 1%	Increase/Decrease by 5%	Increase/Decrease by 10%
	RMB'000	RMB'000	RMB'000
<b>Corresponding change in profit before taxation</b>			
FY2021 . . . . .	+/-267	+/-1,336	+/-2,673
FY2022 . . . . .	+/-312	+/-1,561	+/-3,121
FY2023 . . . . .	+/-356	+/-1,781	+/-3,562

Increase/decrease in data traffic and cost of services:

	Increase/Decrease by 1%	Increase/Decrease by 5%	Increase/Decrease by 10%
	RMB'000	RMB'000	RMB'000
<b>Corresponding change in profit before taxation</b>			
FY2021 . . . . .	+/-192	+/-961	+/-1,923
FY2022 . . . . .	+/-236	+/-1,179	+/-2,359
FY2023 . . . . .	+/-344	+/-1,720	+/-3,440

Prospective investors should note that the above analysis on the historical financial information are based on assumptions and are for reference only and should not be viewed as actual impact arising from fluctuation of our costs.

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### Gross profit and gross profit margin

#### Gross profit and gross profit margin by business line

Our gross profit represents the excess of our revenue over costs of sales. During the Track Record Period, our gross profit amounted to RMB94.7 million, RMB173.2 million and RMB251.8 million, respectively, representing a gross profit margin of approximately 29.0%, 41.8% and 44.9%, respectively. The table below shows a breakdown of our gross profit and gross profit margin by business line during the Track Record Period:

	FY2021		FY2022		FY2023	
	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %	Gross profit <i>RMB'000</i>	Gross profit margin %
<b>Sales of in-vehicle hardware products</b>						
In-vehicle infotainment system . . . . .	9,676	12.1	22,112	22.9	24,338	19.2
In-vehicle safety system . . . .	4,694	27.9	4,197	31.2	5,407	21.7
Core board . . . . .	12,158	15.3	7,701	12.3	10,645	14.3
<i>Sub-total</i> . . . . .	<u>26,528</u>	<u>15.1</u>	<u>34,010</u>	<u>19.7</u>	<u>40,390</u>	<u>17.9</u>
<b>SaaS marketing and management services</b>						
SaaS subscription services . . .	61,475	43.4	52,025	39.9	51,594	38.4
SaaS value-added services . . .	6,678	71.7	87,154	78.6	159,794	79.9
<i>Sub-total</i> . . . . .	<u>68,153</u>	<u>45.2</u>	<u>139,179</u>	<u>57.7</u>	<u>211,388</u>	<u>63.2</u>
<b>Total</b> . . . . .	<b><u>94,681</u></b>	<b><u>29.0</u></b>	<b><u>173,189</u></b>	<b><u>41.8</u></b>	<b><u>251,778</u></b>	<b><u>44.9</u></b>

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### ***Gross profit and gross profit margin by sales channel***

The table below shows a breakdown of our gross profit and gross profit margin by sales channel during the Track Record Period:

	FY2021		FY2022		FY2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
<b>Direct Sales</b>						
<b>Sales of in-vehicle hardware products</b>	22,789	15.9	24,944	20.1	26,436	19.1
<b>SaaS marketing and management services</b>						
SaaS subscription services	37,554	39.3	33,117	37.6	40,970	39.0
SaaS value-added services (Note)	6,678	71.7	87,154	78.6	159,794	79.9
<b>Sales by channel partners</b>						
<b>Sales of in-vehicle hardware products</b>	3,739	11.5	9,066	18.7	13,954	16.0
<b>SaaS marketing and management services</b>						
SaaS subscription services	23,921	52.0	18,908	44.9	10,624	36.1
<b>Total</b>	<b>94,681</b>	<b>29.0</b>	<b>173,189</b>	<b>41.8</b>	<b>251,778</b>	<b>44.9</b>

*Note:* During the Track Record Period, we provided SaaS value-added services through direct sales only.

During the Track Record Period, our gross profit was RMB94.7 million, RMB173.2 million and RMB251.8 million, respectively. Our gross profit increased from RMB94.7 million for FY2021 to RMB173.2 million for FY2022, representing an increase of approximately RMB78.5 million or 82.9%. The significant growth in gross profit of our Group since FY2022 was mainly attributable by the increasing revenue and gross profit contribution by our SaaS value-added services which was primarily due to (i) the growing market demand, (ii) our increased service offerings, (iii) our increased efforts in expanding our sales efforts to promote our SaaS value-added services since 2021 and (iv) our expansion in the geographical scope of our presence in 4S stores across China, which increased from RMB6.7 million for FY2021 to RMB87.2 million for FY2022. Our gross profit further increased from RMB173.2 million for FY2022 to RMB251.8 million for FY2023, representing an increase of approximately RMB78.6 million or 45.4%. Such significant growth in gross profit of our Group was mainly attributable to (i) the increasing revenue and gross profit contribution by our SaaS value-added services; and (ii) the increasing revenue contribution from our sales of in-vehicle hardware products, which was brought by the group purchasing campaign service we launched under our SaaS value-added service starting from second half of FY2022.

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Our overall gross profit margin is affected by the mix in revenue contribution by our different business lines. During the Track Record Period, our SaaS marketing and management services had higher gross profit margins than our sales of in-vehicle hardware products.

During the Track Record Period, the gross profit margin of our sales of in-vehicle hardware products ranged from 15.1% to 19.7%. Our gross profit margin for a particular period within the Track Record Period was primarily affected by the type of hardware that we sell (for example, during the Track Record Period our in-vehicle safety systems generally commanded higher gross profit margins than in-vehicle infotainment system and core boards), and to a lesser extent our gross profit margin was also affected by whether the hardware was sold through direct sales or channel partners.

During the Track Record Period, the gross profit margin of our SaaS subscription services ranged from 38.4% to 43.4%. We generally achieve a higher gross profit margin when our SaaS subscription services are distributed by channel partners, which ranged from 36.1% to 52.0%. Such higher gross profit margin of SaaS subscription services was resulted from the reduced installation costs, which were normally incurred by ourselves when we provide SaaS subscription services through direct sales.

During the Track Record Period, the gross profit margin of our SaaS value-added services recorded the highest gross profit margin among our different business lines, which ranged from 71.7% to 79.9%. Our SaaS value-added services would generally command higher gross profit margins because (i) there are fewer raw materials required for our SaaS value-added services and the cost of raw materials when compared to their sales price are generally low, and (ii) our revenue from auto decoration products and services are derived from end car users, and as a result we are able to command higher profit margins as we have flexibility to determine prices over the services that we offer, leveraging on our knowledge on the market, the car users' needs for light auto modification and needs for car accessories and our economy of scale. Our management considered the accounting treatment to classify the user traffic acquisition expenses as the advertising expenses under our "Distribution and selling expenses" is appropriate, given that (i) the direct costs of our SAAS value-added services include costs for hardware such as automotive sun films, vehicle protective cover and other vehicle accessories products and installation costs; and (ii) our user traffic acquisition expenses is paid to 4S stores to drive usage and advertise our overall business development for advertising and customer acquisition purpose. As such, our management considered that the traffic acquisition cost is not directly attributable to the provision of SaaS value added services.

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In view of the business nature of our SaaS value-added services which involves fewer raw materials, our target customers group who are largely individual car users, and user traffic acquisition expenses being categorised as operating expenses, we enjoy better gross profit margin advantage in this business sub-segment as compared to our other business segments.

In FY2021, we recorded relatively lower overall gross profit and gross profit margin as compared to other years during the Track Record Period. During FY2021, our gross profit and gross profit margin were negatively affected by (i) our product mix as we sold more of lower-cost and lower-priced in-vehicle hardware products such as core board, leading to the lower gross profit margin in FY2021, and (ii) the costs associated with the in-vehicle hardware manufacturing such as the costs of hardware leading to the decreased profit margin of our in-vehicle infotainment system and core board, which were partially offset by (iii) the revenue contribution from our SaaS marketing and management services which has a higher gross profit margin as compared to our sales of in-vehicle hardware products as our SaaS marketing and management services do not require high hardware manufacturing or high installation costs. From FY2021 to FY2023, we recorded an increased gross profit margin, as a result of the increasing revenue contribution of our SaaS value-added services which has a higher gross profit margin as compared to our other business lines.

Our gross profit increased from RMB173.2 million for FY2022 to RMB251.8 million for FY2023, representing an increase of RMB78.6 million or 45.4%. Such significant growth in gross profit of our Group was mainly attributable by (i) the increasing revenue and gross profit contribution by our SaaS value-added services; and (ii) the increasing revenue contribution from our sales of in-vehicle hardware products, which was brought by the group purchasing campaign service that we launched under our SaaS value-added service starting from second half of FY2022. Our gross profit margin increased from 41.8% for FY2022 to 44.9% for FY2023. The increase in our overall gross profit margin was driven by the increase in our revenue contribution by our SaaS value-added services, which have the relatively higher gross margin as compared to our other business lines as previously discussed.

Riding on our Group’s market position, our continuous efforts to provide industry specific and diversified products and services, and our diverse customer base and stable relationships with customers, our Directors are confident that we can continue to grow steadily.

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### Other income

During the Track Record Period, the key components of our other income were interest income on bank deposits, interest income from financial assets at FVTPL, government grants and refund of PRC value added tax and surcharges. During the Track Record Period, we recorded other income of RMB15.0 million, RMB9.7 million and RMB9.7 million, respectively. The following table sets out a breakdown of our other income:

	FY2021	FY2022	FY2023
	RMB'000	RMB'000	RMB'000
Interest income on bank deposits and time deposits with maturity over three months . . . . .	5,977	3,883	2,494
Interest income from financial assets at FVTPL . . . . .	–	–	181
Government grants . . . . .	1,690	1,743	725
Refund of PRC value added tax and surcharges . . . . .	7,333	4,049	6,337
	15,000	9,675	9,737

We derived interest income on bank deposits and certain capital-guaranteed wealth management products during the Track Record Period through the investment of idle cash.

We derive interest income from financial assets at FVTPL as the fair value of financial assets at FVTPL increased.

Government grants that we recognised during the Track Record Period primarily represented the government subsidies received by our Group to compensate the interest expense on certain borrowings, to support the research and development of our Group and to purchase property, plant and equipment which is deferred income and being recognised to profit or loss on a systematic basis over the estimated useful life. There were no unfulfilled conditions attached to those grants.

Refund of PRC value-added tax and surcharges represented refunds of certain VAT payments pursuant to preferential governmental policies, of which our Group's softwares that are embedded into our in-vehicle hardware products were eligible for a certain percentage of refunds based on the actual VAT paid.

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### Other gains and losses

Our other gains and losses during the Track Record Period primarily consisted of gain from changes in fair value of financial assets at FVTPL and loss on disposal of property, plant and equipment. During the Track Record Period, other gains from changes in fair value of financial assets is due to our purchase of investment fund product during FY2021. In FY2022, the gains from changes in fair value of financial assets at FVTPL increased significantly mainly due to the change in the fair value of the investment product held by the Company as a result of the steady growth in the net value of the investment product due to increase in its external investment returns, including the receipt of interest payments from and the market value of the investment product. The following table sets out a breakdown of our other gains and losses for the years indicated:

	FY2021	FY2022	FY2023
	RMB'000	RMB'000	RMB'000
Gain from changes in fair value of financial assets at FVTPL . . . . .	321	8,495	9,637
Loss on disposal of property, plant and equipment . . . . .	(61)	(205)	(132)
Loss on disposal of interest in an associate . . . . .	–	(126)	–
Exchange gain . . . . .	–	–	209
	260	8,164	9,714

For further details of our Group’s investment, please refer to the paragraph headed “Description Of Selected Items In The Consolidated Statements Of Financial Position—Financial assets at fair value through profit or loss (FVTPL)” in this section.

### Impairment losses recognised under expected credit loss model, net or reversal

Our Group determines the provision for impairment of trade receivables on a forward-looking basis and provides for expected lifetime losses prescribed by IFRS 9. During the Track Record Period, we recorded impairment losses recognised under expected credit loss model of RMB0.1 million, RMB0.5 million and RMB1.6 million, respectively. In FY2021, the impairment loss recognised was reduced to RMB0.1 million due to our overall improvement in collecting trade receivables from our customers. In FY2022, an impairment loss of approximately RMB0.5 million was recognised due to the increase in the balance of trade and other receivables. In FY2023, an impairment loss of approximately RMB1.6 million was recognised due to the increase in the balance of trade and other receivables. See note 9 to the Accountants’ Report in Appendix I to this document for further details.



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### Distribution and selling expenses

The following table sets out the breakdown of our distribution and selling expenses during the Track Record Period:

	FY2021		FY2022		FY2023	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs . . . . .	14,608	46.0	19,161	21.0	17,642	11.1
Advertising expenses . . . . .	8,812	27.7	61,298	67.2	127,676	80.2
Depreciation and amortisation . . . . .	2,006	6.3	4,153	4.5	6,040	3.8
Rent and management fee . . . . .	1,450	4.6	1,694	1.9	1,068	0.7
Traveling expenses . . . . .	1,065	3.3	1,674	1.8	2,716	1.7
Entertainment expenses . . . . .	1,661	5.2	1,610	1.7	2,273	1.4
Others . . . . .	2,205	6.9	1,690	1.9	1,711	1.1
<b>Total . . . . .</b>	<b>31,807</b>	<b>100.0</b>	<b>91,280</b>	<b>100.0</b>	<b>159,126</b>	<b>100.0</b>

Our distribution and selling expenses primarily consist of (i) staff costs, including salaries, bonus and retirement benefits paid to our employees in the sales and marketing team and (ii) advertising expenses. During the Track Record Period, our distribution and selling expenses were RMB31.8 million, RMB91.3 million and RMB159.1 million respectively.

From FY2021 to FY2022, our distribution and selling expenses further increased from RMB31.8 million to RMB91.3 million mainly due to the increase in advertising expenses. From FY2022 to FY2023, our distribution and selling expenses further increased from RMB91.3 million to RMB159.1 million mainly due to the increase in advertising expenses, which increased from RMB61.3 million to RMB127.7 million as a result of the increase in varieties of services offered under our SaaS value-added service.

The increasing trend shown in our advertising expenses since FY2021 to FY2023 was mainly due to the increasing user traffic acquisition expenses payable to 4S stores, which being RMB1.4 million, RMB28.3 million and RMB53.1 million during the Track Record Period, respectively, and were incurred when we provide SaaS value-added services. The increasing trend is in line with our (i) growth in SaaS value-added services and (ii) increasing number of 4S stores of SaaS value-added services. During the year ended 31 December 2021, 2022 and 2023, the number of 4S store customers that deploy our SaaS value-added services was 112, 667 and 1,429, respectively.

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### Administrative expenses

The following table sets out the breakdown of our administrative expenses during the Track Record Period:

	FY2021		FY2022		FY2023	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs . . . . .	10,648	61.4	11,208	61.0	13,003	61.4
Office expenses . . . . .	1,230	7.1	1,426	7.8	1,069	5.0
Depreciation and amortisation . . . . .	1,551	8.9	1,613	8.8	1,685	7.9
Professional fees . . . . .	442	2.5	153	0.8	589	2.8
Rent and management fee . . . . .	262	1.5	391	2.1	411	2.0
Entertainment expenses . . . . .	1,842	10.6	1,964	10.7	2,336	11.0
Bank charges and administrative fees . . . . .	292	1.7	468	2.5	876	4.1
Others . . . . .	1,081	6.3	1,144	6.3	1,234	5.8
<b>Total . . . . .</b>	<b>17,348</b>	<b>100.0</b>	<b>18,367</b>	<b>100.0</b>	<b>21,203</b>	<b>100.0</b>

Our administrative expenses primarily consist of (i) staff costs relating to our administrative staff, (ii) depreciation and amortisation expenses allocated to administrative activities, and (iii) office expenses (iv) entertainment expenses and (v) professional fees. Our administrative expenses were RMB17.3 million, RMB18.4 million and RMB21.2 million during the Track Record Period, respectively.

### Research and development expenditure

The following table sets out the breakdown of our research and development expenditure during the Track Record Period:

	FY2021		FY2022		FY2023	
	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs . . . . .	13,756	81.9	13,275	78.1	13,533	74.9
Depreciation and amortisation . . . . .	1,742	10.3	2,194	12.9	2,683	14.8
Rent and management fee . . . . .	345	2.1	377	2.2	338	1.9
Office expenses . . . . .	485	2.9	333	2.0	520	2.9
Consultation and testing fees . . . . .	150	0.9	425	2.5	280	1.5
Other expenses . . . . .	325	1.9	395	2.3	720	4.0
<b>Total . . . . .</b>	<b>16,803</b>	<b>100.0</b>	<b>16,999</b>	<b>100.0</b>	<b>18,074</b>	<b>100.0</b>

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Our research and development expenditure primarily consist of (i) staff costs expenses relating to our research and development staff, (ii) depreciation and amortisation allocated to our research and development activities and (iii) rental expenses and office expenses incurred by our research and development staff relating to our research and development activities. Our research and development expenditure was RMB16.8 million, RMB17.0 million and RMB18.1 million during the Track Record Period, respectively.

### Share of results of associates

Our share of results of associates represented our share of the operating results of our associates, including (i) Qihou Youjian, in which we hold a 23.00% equity interest during FY2021 and (ii) 13 associates established during FY2023. Our share of results of associates was RMB(57,000), nil and RMB174,000 during the Track Record Period, respectively. During the FY2022, we disposed our 5.00% equity interest in Qihou Youjian. Upon the completion of the transaction, we no longer have significant influence in Qihou Youjian and the remaining 18.00% equity interest is accounted as financial assets at FVTPL.

### [REDACTED]

Our [REDACTED] mainly represented the professional service fees arising in connection with the [REDACTED] and the [REDACTED]. Our [REDACTED] were RMB[REDACTED] million, RMB[REDACTED] million and RMB[REDACTED] million during the Track Record Period, respectively.

### Finance costs

Our finance costs mainly represented interest on borrowings and interest on lease liabilities. Our finance costs were RMB1.9 million, RMB1.6 million and RMB2.3 million during the Track Record Period, respectively. See note 10 to the Accountants' Report in Appendix I to this document for further details of our finance costs.

### Income tax expense

Our Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of our Group domicile or operate.

#### (i) *Cayman Islands and the BVI*

Our Group is not subject to any income tax in the Cayman Islands or the BVI during the Track Record Period.

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### **(ii) Hong Kong profits tax**

No Hong Kong profits tax has been provided for as our Group did not have any assessable profit in Hong Kong during the Track Record Period.

### **(iii) PRC corporate income tax**

Income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The national corporate income tax rate in the PRC is 25%. Guanglian Saixun, one of the entities comprising the Group, was qualified as a “High and New Technology Enterprise” (“HNTTE”) since 9 November 2018, and was subject to a preferential income tax rate of 15% the three years ended until 9 November 2021. Guanglian Saixun’s HNTTE status was approved to extended for another 3 years on 23 December 2021, and Guanglian Saixun is subject to a preferential income tax rate of 15% until 23 December 2024.

Since 2020, a number of our subsidiaries, namely, Guanglian Shuke, Hanhuaxing Technology and Dijia Smart Cloud enjoyed lower income tax rates of 5% for the two years ended 31 December 2021, by virtue of their statuses as “Small-Sized Micro-Profit Enterprise” (小型微利企業), while the assessable profit of our other PRC subsidiaries were subject to a statutory income tax rate of 25%, which is determined in accordance with the EIT Law. We were also entitled to the “Weighted Pre-tax Deduction of Research and Development Expenses” (研發費用加計扣除政策), which reduced the taxes payable on the basis of our qualified research and development expenses during the Track Record Period. See notes 11 and 21 to the Accountants’ Report in Appendix I to this document for further details.

Our income tax expense amounted to RMB5.3 million, RMB5.6 million and RMB7.4 million during the Track Record Period, respectively. Our effective tax rate was 13.1%, 10.6% and 12.6% during the Track Record Period, respectively. Our effective tax rate was lower than the statutory tax rate of 25% mainly due to the lower income tax rates of 5% enjoyed by Hanhuaxing Technology and Dijia Smart Cloud for the two years ended 31 December 2021, and income tax rate of 2.5% enjoyed by them for the year ended 31 December 2022 by virtue of their statuses as “Small-Sized Micro-Profit Enterprise” (小型微利企業) as mentioned above and the deductible allowance for research and development cost for tax refund purpose. In addition, during the Track Record Period we also used deferred tax assets to offset profits made, which also had the effect of lowering effective tax rate. Our effective tax rate increased to 12.6% for FY2023. We recorded a higher effective rate in FY2023 as compared to FY2022 was mainly attributable to the increase of tax rate from 2.5% in FY2022 to 5% in FY2023 of certain of our subsidiaries due to the change in the PRC policies.

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### YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

#### FY2023 compared to FY2022

##### *Revenue*

Our total revenue increased from RMB413.9 million for FY2022 to RMB560.6 million for FY2023, representing an increase of approximately RMB146.7 million or 35.4%. The significant increase in overall revenue was mainly attributable to the (i) increase in revenue from sales of in-vehicle hardware products of approximately RMB53.4 million and (ii) increase in revenue from SaaS value-added services of approximately RMB89.0 million, which was driven by the market rebound and favourable policies rolled out in the PRC in FY2023, including the relaxation in the travel restrictions to cope with COVID-19, and the subsidies and incentives to boost the automotive consumption, leading to the increase in sales of automotive and thus the demand for our services.

##### (1) Sales of in-vehicle hardware products

From FY2022 to FY2023, we achieved a significant increase in our sales of in-vehicle hardware products from approximately RMB172.7 million to RMB226.1 million, which was driven by (i) the market rebound as a result of the relaxation in the travel restrictions to cope with COVID-19; and (ii) favourable policies rolled out in the PRC in FY2023, including the subsidies and incentives to boost automotive consumption. The increase in sales in this segment was also attributable to (iii) the efforts the Group’s implementation of the group purchasing strategy, which commenced in the second half of 2022, resulting in an increase in sales of in-vehicle infotainment system from RMB96.6 million in FY2022 to RMB126.7 million in FY2023, representing an increase of RMB30.1 million, among which RMB9.3 million or 30.9% was contributed by new customers after launching group purchasing campaign. In addition, in FY2023, (iv) we launched new models of streaming media rear-view mirror with enhanced functions such as driving, recorder and voice control, boosting the sales of our in-vehicle safety system; and (v) we launched new models of core boards with upgraded functions such as wireless phone connectivity, improved algorithm, improved image recognition, and the enhanced functionalities had been well-received by our customers. As a result of the foregoing, our sales of in-vehicle infotainment system increased from approximately RMB96.6 million to RMB126.7 million; our sales of in-vehicle safety system increased from approximately RMB13.4 million to RMB24.9 million; and our sales of core board from RMB62.6 million to RMB74.5 million from FY2022 to FY2023. The significant increase in our sales of in-vehicle hardware products was also attributable to (vi) the expansion of our integrated online and offline marketing services, which led to an increase in revenue contribution of in-vehicle infotainment system and in-vehicle safety system through the implementation of the group purchasing strategy.

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### (2) SaaS marketing and management services

From FY2022 to FY2023, we achieved a significant increase in our sales in SaaS marketing and management services from approximately RMB241.2 million to RMB334.5 million, as a result of overall increase in sales of our SaaS subscription services and SaaS value-added services driven by the market rebound and favourable policies rolled out in the PRC in FY2023, which has led increase in user demand. From FY2022 to FY2023, the revenue derived from SaaS subscription remained relatively stable at RMB130.3 million and RMB134.5 million respectively. From FY2022 to FY2023, the revenue derived from SaaS value-added services increased from RMB110.9 million to RMB199.9 million, primarily due to (i) the increase in the revenue contribution of auto decoration products and services from RMB101.8 million for FY2022 to RMB176.8 million for FY2023; and (ii) the increase in the number of our active 4S store customers from 667 stores during the year ended 31 December 2022 to 1,429 stores during the year ended 31 December 2023. The significant increase in our SaaS value-added services was due to (i) the growing market demand, (ii) our increased service offerings, (iii) our increased efforts in expanding our sales efforts to promote our SaaS value-added services since 2021 and (iv) our expansion in the geographical scope of our presence in 4S stores across China especially in Sichuan province, Chongqing city, and Shandong province, with active 4S store customers increasing from 56, 46, and 45 in FY2022 to 84, 56 and 89 in FY2023, respectively, which allowed our Group’s direct sales force to support the regional sales, thereby expanding our sales network and customer base.

#### ***Cost of sales***

Our cost of sales increased from RMB240.7 million for FY2022 to RMB308.8 million for FY2023, representing an increase of approximately RMB68.1 million or 28.3%. The increase in cost of sales is in line with our overall increase in revenue during the FY2023. The increase in cost of sales is mainly driven by (i) increase in cost of hardware brought by the increase in sales of in-vehicle hardware products; and (ii) increase in data traffic and costs of services brought by the increasing revenue contribution in SaaS value added services.

#### ***Gross profit and gross profit margin***

Our gross profit increased from RMB173.2 million for FY2022 to RMB251.8 million for FY2023, representing an increase of RMB78.6 million or 45.4%. Such significant growth in gross profit of our Group was mainly attributable by (i) the increasing revenue and gross profit contribution by our SaaS value-added services; and (ii) the increasing revenue contribution from our sales of in-vehicle hardware products business, which was brought by the group purchasing campaign service that we launched under our SaaS value-added service starting from second half of FY2022. Our gross profit margin increased from 41.8% for FY2022 to 44.9% for FY2023. The increase in our overall gross

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profit margin was driven by the increase in our revenue contribution by our SaaS value-added services, which have the relatively higher gross margin as compared to our other business lines as previously discussed.

### ***Other income***

Our other income remained stable at RMB9.7 million for each of FY2022 and FY2023 mainly due to decrease in interest income on bank deposits and time deposits with maturity over three months, which is partially offset by the increase in refund of PRC VAT and surcharges received for embedded software sold together with our in-vehicle devices, which is in line with our increase revenue from our sales of in-vehicle hardware products business.

### ***Other gains and losses***

Our other gains and losses increased from gain of RMB8.2 million for FY2022 to RMB9.7 million for FY2023 mainly due to the increase in gain from changes in fair value of financial assets at FVTPL as a result of increase in the fair value of the investment product during the year.

### ***Impairment losses recognised under expected credit loss model, net of reversal***

Our impairment losses recognised increased from RMB0.5 million for FY2022 to RMB1.6 million for FY2023 mainly due to the increase in trade receivables recognised in FY2023 and the increase in the balance of trade and other receivables.

### ***Distribution and selling expenses***

Our distribution and selling expenses increased from RMB91.3 million for FY2022 to RMB159.1 million for FY2023. The significant increase was mainly attributable to (i) the increase in advertising expenses of approximately RMB66.4 million as a result of the increased advertising expenses incurred for the business expansion of SaaS value-added services during FY2023; (ii) increase in depreciation and amortisation of approximately RMB1.9 million. In particular, the advertising expenses primarily consisted of user traffic acquisition expenses, marketing service expenses and selling expenses. User traffic acquisition expenses mainly represented the expenses of user traffic we purchased from our 4S store customers. Our user traffic acquisition expenses may vary due to a number of factors, including, the location of the 4S stores, the expected sales volume of 4S store customers, the expected traffic flow of the car user customers in the 4S stores, and the target customer types. Our user traffic acquisition expenses accounted for a substantial portion of our advertising expenses during the Track Record Period, as we generally acquired user traffic from 4S stores, which is in line with the market practice. Further, as we need to acquire user traffic from each 4S stores customers, our user traffic acquisition expenses increases as we expand our 4S store customers network and serve new 4S stores customers. As at 31 December 2023, the number of active 4S store customers of SaaS value-added services was 1,429.

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Besides, with the COVID-19 relaxation measures since 2023, we have actively participated in industry conferences and exhibitions such as the 2023 CIMP AutoEcosystems Expo in March 2023 to promote our services during FY2023.

### ***Administrative expenses***

Our administrative expenses increased from RMB18.4 million for FY2022 to RMB21.2 million for FY2023. The increase was mainly attributable to the increase in staff cost as a result of increase in headcount of our administrative functions and increase in entertainment expenses to cope with the overall business expansion of the Group.

### ***Research and development expenditure***

Our research and development expenditure increased from RMB17.0 million for FY2022 to RMB18.1 million for FY2023. The increase was mainly attributable to the overall business expansion of the Group.

### ***Finance costs***

Our finance costs remained relatively stable at RMB1.6 million for FY2022 and RMB2.3 million for FY2023.

[REDACTED]

We incurred [REDACTED] in the amount of RMB[REDACTED] million and RMB[REDACTED] million for FY2022 and FY2023, respectively.

### ***Income tax expense***

Our income tax expense increased from RMB5.6 million for FY2022 to RMB7.4 million for FY2023, which is primarily attributable to our increased taxable income due to the increased profit recorded during FY2023. Our effective tax rate increased from 10.6% for FY2022 to 12.6% for FY2023. We recorded a higher effective rate in FY2023 as compared to FY2022 was mainly attributable to the increase of tax rate from 2.5% in FY2022 to 5% in FY2023 of certain of our subsidiaries due to the change in the PRC policies, leading to an increase in applicable tax rate.

### ***Profit for the year***

For the reasons mentioned above, our profit for the year increased from RMB47.4 million for FY2022 to RMB51.5 million for FY2023, representing an increase of approximately RMB4.1 million or 8.7%. Our net profit margin decreased from approximately 11.5% for FY2022 to approximately 9.2% for FY2023 mainly due to the increase in operating expenses in FY2023.



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### FY2022 compared to FY2021

#### **Revenue**

Our revenue increased from RMB326.8 million for FY2021 to RMB413.9 million for FY2022, representing an increase of approximately RMB87.1 million or 26.7%. The significant growth in revenue was driven by (i) the increase in revenue from SaaS value-added services as a result of our continuous effort to promote and develop SaaS value-added services and expansion in the number of our 4S store customers and partially offset by (ii) the slight decrease in revenue from sales of in-vehicle hardware products.

#### (1) Sales of in-vehicle hardware products

Our revenue generated from sales of in-vehicle hardware products decreased from RMB175.9 million for FY2021 to RMB172.7 million for FY2022, representing a decrease of approximately RMB3.3 million or 1.9%. Such slight decrease was mainly due to (i) the decrease in sales of our in-vehicle hardware products; (ii) travel restriction imposed within the PRC, leading to the reduced demand of our in-vehicle hardware products; (iii) negative impact brought by the resurgence of COVID-19 in FY2022 in certain cities in China and on the operations of our 4S store customers.

From FY2021 to FY2022, we achieved a rebound in our sales of in-vehicle infotainment system from approximately RMB79.7 million to RMB96.6 million as the sales of our in-vehicle infotainment systems increased significantly as a result of the group purchasing campaign service that we launched under our SaaS value-added service starting from the second half of FY2022 under which our 4S stores customers promote a wide range of vehicle-related products and services to car users, which drove up the sales of our in-vehicle infotainment and in-vehicle safety products. The sales of in-vehicle infotainment system increased from RMB79.7 million in FY2021 to RMB96.6 million in FY2022, representing an increase of RMB17.1 million, among which RMB14.0 million or 82.5% was contributed by new customers after launching group purchasing campaign.

However, the sales of our in-vehicle safety system decreased from approximately RMB16.8 million in FY2021 to approximately RMB13.4 million in FY2022, resulting from the decrease in sales of our rear-view mirror product. Besides, the sales of our core board decreased from approximately RMB79.5 million to RMB62.6 million as some of the products gradually phased out in FY2022 due to lower demand. Furthermore, the Group's sales of in-vehicle hardware products was negatively affected by the uncertainty in the PRC economy triggered by the travel restrictions that have been put into place to cope with COVID-19, which did not officially end until the first half of 2023. As a result of the foregoing, the revenue from our sales of in-vehicle hardware products business decreased from FY2021 to FY2022.

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### (2) SaaS marketing and management services

Our revenue generated from SaaS marketing and management services increased from RMB150.8 million for FY2021 to RMB241.2 million for FY2022, representing an increase of approximately RMB90.4 million or 59.9%. From FY2021 to FY2022, the revenue derived from SaaS subscription services decreased from RMB141.5 million to RMB130.3 million. Such decrease was mainly due to the decreasing average revenue per active 4S store customer for Dijia SaaS as a result of the negative impact brought by reoccurrences of COVID-19 during FY2022 and in particular, the traveling restrictions imposed within the PRC and city-wide lock-downs happening across numerous cities, which led to the reduced demand of our SaaS marketing and management services from our 4S store customers. In FY2021 and FY2022, our revenue derived from SaaS value-added services was RMB9.3 million and RMB110.9 million, respectively, representing approximately 2.9% and 26.8% of our total revenue, respectively. Such significant increase in revenue was the increase in revenue derived from our SaaS value-added services to our 4S store customers, primarily attributable to our successful promotion of our SaaS value-added services to 4S stores having wider geographical coverage and also the increase in headcount of our sales and marketing team to develop our SaaS marketing and management services, representing our increased sales efforts to promote our SaaS value-added services. In particular, as at 31 December 2021, we provided SaaS value-added services of auto decoration products and services to over 100 4S stores. As at 31 December 2022, we expanded our SaaS value-added services network to over 600 4S stores.

#### ***Cost of sales***

Our cost of sales increased from RMB232.1 million for FY2021 to RMB240.7 million for FY2022, representing an increase of approximately RMB8.6 million or 3.7%. The increase in cost of sales is primarily attributable to the increase in installation cost and data traffic and costs of services brought by the increasing revenue contribution in SaaS value added services.

#### ***Gross profit and gross profit margin***

Our gross profit increased from RMB94.7 million for FY2021 to RMB173.2 million for FY2022 representing an increase of RMB78.5 million or 82.9%. The significant growth in gross profit of our Group was mainly attributable by the increasing revenue and gross profit contribution by our SaaS value-added services, which increased from RMB6.7 million to RMB87.2 million. Our gross profit increased from RMB173.2 million for FY2022 to RMB251.8 million for FY2023, representing an increase of approximately RMB78.6 million or 45.4%. Our gross profit margin increased from 29.0% for FY2021 to 41.8% for FY2022 and further grown to 44.9% for FY2023. The increase in our overall gross profit margin was driven by the increase in our revenue contribution by our SaaS value-added services, which have the relatively higher gross margin as compared to our other business lines. Our SaaS value-added services would generally command higher

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gross profit margins because (i) there are fewer raw materials required for our SaaS value-added services and the cost of raw materials when compared to their sales prices are generally low, and (ii) our revenue are derived from end car users, and as a result we are able to command higher profit margins as we have freedom to determine prices over the services that we offer, leveraging on our knowledge on the market, the car users' needs for light auto modification and needs for car accessories and our economy of scale.

### ***Other income***

Our other income decreased from RMB15.0 million for FY2021 to RMB9.7 million for FY2022 mainly due to decrease in interest income on bank deposits and decrease in refund of PRC VAT and surcharges received for embedded software sold together with our in-vehicle devices, which is in line with our reduced revenue from sales of in-vehicle hardware products.

### ***Other gains and losses***

Our other gains and losses increased from gain of RMB0.3 million for FY2021 to RMB8.2 million for FY2022 mainly due to the increase in gain from changes in fair value of financial assets at FVTPL. In FY2022, the FVTPL increased significantly mainly due to the change in the fair value of the investment product held by the Company as a result of the steady growth in the net value of the investment product due to increase in its external investment returns, including the receipt of interest payments on the invested bonds and the stabilisation of the valuation of the invested bonds.

### ***Impairment losses recognised under expected credit loss model, net of reversal***

Our impairment losses recognised increased from RMB0.1 million for FY2021 to RMB0.5 million for FY2022 mainly due to the increase in trade receivables recognised in FY2022 and the increase in the balance of trade and other receivables.

### ***Distribution and selling expenses***

Our distribution and selling expenses increased from RMB31.8 million for FY2021 to RMB91.3 million for FY2022. The significant increase was mainly attributable to (i) the increase in advertising expenses of approximately RMB52.5 million as a result of the increased advertising expenses incurred for the business expansion of SaaS value-added services during FY2022; (ii) the increase in staff costs of approximately RMB4.6 million in our distribution and selling functions as a result of the increase in headcount of our sales and marketing team and our expansion in the geographical scope of our presence in 4S stores across China and direct sales force to support our regional sales efforts and (iii) increase in depreciation and amortisation of approximately RMB2.1 million. In particular, the advertising expenses primarily consisted of user traffic acquisition expenses, marketing service expenses and selling expenses. User traffic

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acquisition expenses mainly represented the expenses of user traffic we purchased from our 4S store customers. Our user traffic acquisition expenses may vary due to a number of factors, including, the location of the 4S stores, the expected sales volume of 4S store customers, the expected traffic flow of the car user customers in the 4S stores, and the target customer types. Our user traffic acquisition expenses accounted for a substantial portion of our advertising expenses during the Track Record Period, as we generally acquired user traffic from 4S stores, which is in line with the market practice.

### ***Administrative expenses***

Our administrative expenses increased from RMB17.3 million for FY2021 to RMB18.4 million for FY2022. The increase was mainly attributable to the increase in staff costs in administrative functions and increase in entertainment expenses to cope with the overall business expansion of the Group.

### ***Research and development expenditure***

Our research and development expenditure remained relatively stable at RMB16.8 million and RMB17.0 million for FY2021 and FY2022, respectively.

### ***Finance costs***

Our finance costs decreased from RMB1.9 million for FY2021 to RMB1.6 million for FY2022 mainly due to the change in the structure of the financing products obtained by the Company during FY2022.

[REDACTED]

We incurred [REDACTED] in the amount of RMB[REDACTED] million and RMB[REDACTED] million for FY2021 and FY2022, respectively.

### ***Income tax expense***

Our income tax expense increased from RMB5.3 million for FY2021 to RMB5.6 million for FY2022, which is primarily attributable to our increased taxable income due to the increased profit recorded during FY2022. Our effective tax rate decreased from 13.1% for FY2021 and 10.6% for FY2022. We recorded a lower effective rate despite the increased profit in FY2022 because the profit increase was mainly attributable to the significant revenue contribution by our subsidiaries that enjoy a lower income tax rate of 2.5% in FY2022, as compared to the income tax rate of 15% enjoyed by Guanglian Saixun or the lower 5% tax rate enjoyed by certain of our other subsidiaries during FY2021.

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### *Profit for the year*

For the reasons mentioned above, our profit for the year increased from RMB35.1 million for FY2021 to RMB47.4 million for FY2022, representing an increase of approximately RMB12.3 million or 35.2%. Our net profit margin increased from approximately 10.7% for FY2021 to approximately 11.5% for FY2022 mainly due to the increase in our overall gross profit margin from approximately 29.0% for FY2021 to 41.8% for FY2022, and partially offset by the increase in operating expenses for FY2022.

### LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period, we funded our operations primarily with cash generated from our operations and from bank borrowing, and our cash was primarily used for funding our costs of providing our products and services, our distribution and selling expenses and our other general working capital needs. Going forward, in addition to the above, our Group expects to continue to also apply a certain portion of the [REDACTED] from the [REDACTED] to fund our operations, to implement our business strategies and other capital commitments as the need arises.

### CASH FLOWS

The following table sets out a summary of our consolidated statements of cash flows for the years indicated.

	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Net cash from operating activities . . . . .	57,591	30,279	26,118
Net cash (used in)/from investing activities . . . . .	(36,729)	80,994	(11,802)
Net cash from/(used in) financing activities . . . . .	6,276	(18,196)	4,681
<b>Net increase in cash and cash equivalents . . . . .</b>	<b>27,138</b>	<b>93,077</b>	<b>18,997</b>
Cash and cash equivalents at beginning of the year . . . . .	18,026	45,164	138,241
Effects of foreign exchange rate changes . . . . .	—	—	(15)
<b>Cash and cash equivalents at end of the year . . . . .</b>	<b><u>45,164</u></b>	<b><u>138,241</u></b>	<b><u>157,223</u></b>

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### Net cash from operating activities

During the Track Record Period, we derived our cash inflow from operating activities primarily from our core businesses, being the sales of in-vehicle hardware products and the provision of SaaS marketing and management services. Our cash used in operating activities was principally for procurement of hardware, procuring third party suppliers to provide us with manufacturing and installation services, and to pay our corporate operating expenses such as staff costs, selling and distribution expenses and administrative expenses.

For FY2023, the operating cash flows before movements in working capital was RMB64.1 million. There was a net cash inflow for FY2023 from our operating activities of RMB26.1 million as compared with a net cash inflow of RMB30.3 million for FY2022, which was mainly attributable to a decrease in trade and other payables of RMB20.1 million, and a decrease in contract liabilities RMB35.5 million.

For FY2022, our Group had net cash generated from operating activities of RMB30.3 million. Our operating cash flows before movements in working capital was RMB53.9 million, which was mainly attributable to profit before taxation of RMB53.0 million, adjusted for gain on fair value changes of financial assets at fair value through profit or loss of RMB8.5 million, increase in trade and other receivables of RMB21.3 million, decrease in contract costs of RMB16.1 million, decrease in contract liabilities of RMB29.9 million and increase in restricted bank deposits of RMB19.0 million.

For FY2021, our Group had net cash from operating activities of RMB57.6 million. Our operating cash flows before movements in working capital was RMB43.1 million, which was mainly attributable to profit before taxation of RMB40.4 million, decrease in trade and other receivables of RMB50.5 million, decrease in contract costs of RMB16.4 million and decrease in trade and other payables of RMB17.6 million.

### Net cash from/used in investing activities

During the Track Record Period, our net cash used in investing activities primarily reflected cash used in purchase of wealth management products, purchase of intangible assets and renovation of the office premises.

For FY2023, net cash used in investing activities was RMB11.8 million, which was primarily attributable to purchase of financial assets at FVTPL at RMB100.0 million and purchases of intangible assets at RMB14.4 million, which was partially offset by proceeds on disposal of FVTPL of RMB90.0 million and withdrawal of time deposits with maturity over three months of RMB54.1 million.

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For FY2022, net cash from investing activities was RMB81.0 million, which was primarily attributable to withdrawal of time deposits with maturity over three months of RMB179.4 million, which was partially offset by placement of time deposits with maturity over three months of RMB89.4 million, purchases of intangible assets of RMB9.6 million and purchases of property, plant and equipment of RMB5.6 million.

For FY2021, net cash used in investing activities was RMB36.7 million, which was primarily attributable to purchase of financial assets at fair value through profit or loss (“FVTPL”) at RMB130.0 million and placement of time deposits with maturity over three months of RMB91.1 million, which was partially offset by withdrawal of time deposits with maturity over three months of RMB188.7 million and interests received of RMB7.6 million.

### **Net cash from/used in financing activities**

During the Track Record Period, our movements in cash due to our financing activities were primarily from new bank borrowings raised, repayment of borrowings and repayment of lease liabilities.

For FY2023, net cash from our financing activities was RMB4.7 million, which was primarily attributable to new borrowing raised of RMB46.9 million and issue of Shares of the Company of RMB245.5 million as part of the Reorganisation, and was partially offset by payments on capital reduction of RMB240.8 million and repayment of borrowings of RMB39.0 million.

For FY2022, net cash used in our financing activities was RMB18.2 million, which was primarily attributable to repayment of borrowings of RMB39.7 million and dividends paid to a non-controlling shareholder of RMB2.7 million and acquisition of non-controlling interest of a subsidiary of RMB10.4 million, and was partially offset by new borrowings raised of RMB37.0 million and capital injection by a shareholder and non-controlling interest of subsidiaries of RMB2.6 million.

For FY2021, net cash from financing activities was RMB6.3 million, which was primarily attributable to new borrowings raised of RMB60.0 million, and was partially offset by repayment of borrowings of RMB49.0 million, repayment of lease liabilities of RMB2.4 million and interest paid of RMB2.1 million.

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### NET CURRENT ASSETS

The following table sets out our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 <i>(unaudited)</i>
<b>Current Assets</b>				
Contract costs . . . . .	24,967	17,097	13,062	12,131
Inventories . . . . .	11,784	14,753	9,995	8,291
Trade and other receivables . .	71,625	92,380	97,833	156,584
Deposits and prepayments . . .	25,050	33,044	35,926	65,293
Financial assets at fair value through profit or loss ("FVTPL") . . . . .	130,380	138,546	158,326	48,017
Tax recoverable . . . . .	291	37	1,555	1,244
Time deposits with maturity over three months . . . . .	2,354	20,482	–	–
Restricted bank deposits . . . . .	10,650	27,710	27,846	32,298
Cash and cash equivalents . . .	45,164	138,241	157,223	148,497
<b>Total . . . . .</b>	<b>322,265</b>	<b>482,290</b>	<b>501,766</b>	<b>472,355</b>
<b>Current Liabilities</b>				
Trade and other payables . . . .	54,205	89,892	69,502	68,142
Lease liabilities . . . . .	1,813	2,347	2,314	1,629
Borrowings . . . . .	38,223	35,542	43,417	56,216
Contract liabilities . . . . .	111,658	95,435	58,975	51,536
Contingent liabilities . . . . .	–	–	–	–
Tax payable . . . . .	160	2,130	1,323	2,315
<b>Total . . . . .</b>	<b>206,059</b>	<b>225,346</b>	<b>175,531</b>	<b>179,838</b>
<b>NET CURRENT ASSETS . . . . .</b>	<b>116,206</b>	<b>256,944</b>	<b>326,235</b>	<b>292,517</b>



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Our net current assets increased from RMB116.2 million as at 31 December 2021 to RMB256.9 million as at 31 December 2022. Such increase was primarily due to (i) increase in trade and other receivables which was generally in line with our business expansion and revenue growth; (ii) increase in financial assets at FVTPL; (iii) increase in cash and cash equivalents; and (iv) decreases in contract liabilities.

Our net current assets further increased from RMB256.9 million as at 31 December 2022 to RMB326.2 million as at 31 December 2023. Such increase was mainly due to the (i) increase in financial assets at FVTPL; (ii) increase in cash and cash equivalents; and (iii) decrease in contract liabilities and trade and other payables.

As at 30 April 2024, our net current assets decreased slightly to RMB292.5 million, which was primarily due to the decrease in current asset as we have redeemed the majority of our investments in the fund products after the Track Record Period and the increase in trade and other payables arising from the growth in our business scale.

### WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that after taking into account our cash generating capacities, the existing financial resources available to us and the estimated [REDACTED] from the [REDACTED], we have sufficient working capital for our working capital requirements for at least the next 12 months from the date of this document.

Our Directors are not aware of any other factors that would have a material impact on our Group’s liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in “Future Plans and [REDACTED]” in this document.

### DESCRIPTION OF SELECTED ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

#### Property, plant and equipment

Our property, plant and equipment primarily consisted of leasehold improvement, vehicles and furniture, fixtures and equipment. As at 31 December 2021, 31 December 2022 and 31 December 2023, we had property, plant and equipment of RMB11.1 million, RMB11.3 million and RMB7.3 million, respectively.

The increase of property, plant and equipment to RMB11.3 million in FY2022 was primarily attributable to the increase in office equipment purchased for the provision of SaaS marketing and management services and also leasehold improvement. The decrease in property, plant and equipment as at 31 December 2023 was due to depreciation.

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### Right-of-use assets

Our right-of-use assets increased from RMB2.4 million as at 31 December 2021 to RMB4.2 million as at 31 December 2022. Such increase was mainly due to additions of right-of-use assets of approximately RMB4.3 million, represented our Group's right to use its offices.

As at 31 December 2023, our right-of-use assets decreased to RMB2.6 million, which was mainly due to decrease in additions of right-of-use assets over the terms of the leases.

### Intangible assets

Our intangible assets primarily consisted of software and capitalised research and development costs. As at 31 December 2021, 31 December 2022 and 31 December 2023, we had intangible assets of RMB10.6 million, RMB16.8 million and RMB25.4 million, respectively.

The overall increasing trend of our intangible assets during the Track Record Period was mainly due to (i) research and development expenses capitalised as intangible assets and (ii) the purchase of software by our Group.

### Interest in associates

Our interest in associates represent our interest in Qihou Youjian, in which we hold a 23.00% interest during FY2021 and other associates. As at 31 December 2021, 31 December 2022 and 31 December 2023, the interest in associates was RMB303,000, nil and RMB9,324,000, respectively. During the FY2022, we disposed 5.00% of our equity interest in Qihou Youjian and as at the Latest Practicable Date, we held 18.00% of Qihou Youjian's equity interest. Upon completion of the disposal, our Group did not have significant influence in Qihou Youjian and the remaining 18.00% equity interest is accounted as financial assets at FVTPL. Please see note 19 to the Accountants' Report in Appendix I to this document for further details of interest in associates.

### Equity instruments at fair value through other comprehensive income

The said equity instrument represents our 15.01% equity interests in an unlisted company, Aika Shangyun. We have elected to designate our equity holding in Aika Shangyun as an investment at FVTOCI as this investment is not held for trading and is not expected to be sold in the foreseeable future. As at 31 December 2021, 31 December 2022 and 31 December 2023, the value of our equity holding in Aika Shangyun, as determined by an independent valuer, was RMB14.7 million, RMB9.6 million and RMB7.8 million, respectively.

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In October 2019, Guanglian Saixun subscribed for the increased registered capital of Aika Shangyun at the subscription price of RMB30,000,000. The subscription price was determined by the then equity holders of Aika Shangyun and Guanglian Saixun after arm’s length negotiations with reference to the agreed valuation of RMB200.0 million of Aika Shangyun. The subscription price had been fully paid by Guanglian Saixun. Upon completion, Guanglian Saixun held 15.01% of Aika Shangyun’s equity interest. As part of the Reorganisation, on 18 April 2022, Guanglian Shuke acquired all of the 15.01% of the registered capital of Aika Shangyun that was held by Guanglian Saixun at a consideration of RMB30.0 million, which was determined by reference to the carrying amount of Guanglian Saixun’s cost of investment in Aika Shangyun as at 31 December 2021. The consideration was fully settled on 28 April 2023. Upon completion of the acquisition, Aika Shangyun became an associated company of Guanglian Shuke.

Aika Shangyun was established in the PRC on 23 January 2019 with a registered capital of RMB30,000,000. Upon its establishment, Aika Shangyun was held as to 80.00% and 20.00% by Sainade (Beijing) Information Technology Co., Ltd. (塞納德(北京)信息技術有限公司) and Beijing Zhide Diankang E-Commerce Co., Ltd. (北京智德典康電子商務有限公司), companies deemed to be majority controlled by Mr. Zhang Wei and became acquainted with the Group through Mr. Zhu Lei, respectively. According to the knowledge of our Directors, the shareholders of Aika Shangyun belongs to the group Aika Auto (“Aika Auto”), the principal business of which is the provision of online marketing services for automobile 4S shops to obtain new car sales leads. Aika Auto is a reputable automotive online interactive media service company in China, with China’s leading automotive themed community “Aika Auto” and a large number of active automotive user. Through online interactive communication platforms and offline activities, the business of Aika Auto is spanned across various regions in China. Aika Auto mainly provides media production, advertising and marketing services related to new car sales for 4S stores and automobile manufacturers, hence, have accumulated abundant business resources such as 4S stores. Taking into account of the financial performance, its relationship with Aika Auto, and the business background, principal business activities, business resources including the customer base and network of Aika Auto to which it belongs, we decided to invest in Aika Shangyun.

Set out below is an extract of the audited financial information of Aika Shangyun during the Track Record Period:

	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>
Revenue	30,668	9,422	4,428
Net Profit (/loss)	2,211	(408)	(8,889)
Net assets	74,839	74,431	65,542

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Based on the investment agreement in relation to Aika Shangyun entered into among Guanglian Saixun and the then shareholders of Aika Shangyun, the Group is entitled to, among other rights: (i) anti-dilution rights; (ii) pre-emptive rights; (iii) right of first offer and co-sale right; (iv) information rights; and (v) profit guarantee.

To the Directors’ best knowledge, Mr. Zhang Wei is a sophisticated investor who invests in a number of enterprises across various industries in the PRC. The Directors confirm that (i) the Group’s investment in Aika Shangyun and (ii) the [REDACTED] Investment to our Group from Huaixin Co-stone Investment Limited and Lingyu Co-stone Investment Limited, both being controlled by Mr. Zhang Wei, are independent from each other.

During the Track Record Period, Aika Shangyun was primarily engaged in providing new cars sales leads in the PRC. The decreasing trend of our 15.01% interest in Aika Shangyun was due to the negative impact of COVID-19 outbreak on the business operations of this company and the automotive aftermarket industry as a whole, which was reflected in the decreasing valuation of our 15.01% interest in Aika Shangyun during the Track Record Period. See notes 20 and 35 to the Accountants’ Report in Appendix I to this document for further details.

### Deferred tax assets

As at 31 December 2021, 31 December 2022 and 31 December 2023, our deferred tax assets, which represented unused tax losses from prior years that we may use to offset against potential future profits under the PRC EIT Law, were RMB6.1 million, RMB4.7 million and RMB2.9 million, respectively. The decreases in our deferred tax assets were primarily attributable to them being used to offset our profits made during the Track Record Period, which had the effect of reducing our taxes payable for the relevant years.

### Contract costs

Contract costs represented pre-paid costs that we have incurred in the provision of our SaaS marketing and management services that will be used to satisfy performance obligation in the future services, primarily including our purchases of in-vehicle hardware installed in vehicles (which cannot be separately used alone and are therefore regarded as part of our SaaS marketing and management services that are provided over a period of time) and service charges that are pre-paid by us to our service providers for installation services. These pre-paid contract costs are recognised as part of cost of sales during the contract period of our services provided to our customers. As at 31 December 2021, 31 December 2022 and 31 December 2023, our contract costs were RMB43.7 million, RMB27.6 million and RMB21.8 million, respectively. The decreasing trend during the Track Record Period was primarily due to change in our product mix, which required less of our costs to be pre-paid.

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### Deposits and prepayments

Our deposits and prepayments primarily represented prepayment for hardware, deposits paid to customers and prepaid [REDACTED]. The table below sets our deposits and prepayment as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Deposits paid to customers . . . . .	3,608	4,438	5,166
Prepayments for hardware . . . . .	9,828	16,252	12,980
Prepayments to SaaS subscription suppliers . . . . .	10,418	9,310	12,712
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid [REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Others . . . . .	910	698	273
	27,075	33,147	35,926

Our deposits and prepayments increased from RMB27.1 million as at 31 December 2021 to RMB33.1 million as at 31 December 2022 to was primarily due to the prepayments for hardware as we commenced our group purchasing campaign service starting from the second half of FY2022 and we placed orders for a large amount of in-vehicle hardware to cope with the anticipated business demand. Our deposits and prepayments further increased from RMB33.1 million as at 31 December 2022 to RMB35.9 million as at 31 December 2023 primarily due to increase in the prepayments to SaaS subscription suppliers as a result of the relaxation of COVID-19 measures, leading to a moderate rebound in the sales of our SaaS subscription services starting from the first half of 2023.

As at 30 April 2024, RMB21.6 million or 60.2% of our deposits and prepayments as at 31 December 2023 have been subsequently utilised.

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### Inventories

Our inventories primarily consisted of finished and semi-finished in-vehicle devices such as in-vehicle infotainment system, in-vehicle safety system, and core boards. The following table summarises the balances of different inventories as at the dates indicated and our turnover of inventories for the years indicated:

	At 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Raw materials and consumables . . . . .	1,093	1,781	1,801
Finished goods . . . . .	10,691	12,972	8,194
	11,784	14,753	9,995
Inventory turnover days <sup>(note)</sup> . . . . .	17.6	20.1	14.6

*Note:* Inventory turnover days are calculated by dividing the average balances of inventories by the cost of sales for the respective year, which are then multiplied by 365 days. The averages of inventories are the arithmetic means of the opening and closing balances of inventories for the respective year.

Our inventories increased from RMB11.8 million as at 31 December 2021 to RMB14.8 million as at 31 December 2022 primarily due to increase in finished goods required to meet our business growth. Our inventories decreased to RMB10.0 million as at 31 December 2023 mainly due to decrease in finished goods as at 31 December 2023 as compared to 31 December 2022.

Our inventory turnover days increased from 17.6 days for FY2021 to 20.1 days for FY2022 primarily due to the increase in inventory balance to cope with our business activities. Our inventory turnover days decreased to 14.6 days for FY2023 primarily due to the decrease in inventory balance as a result of increase revenue contribution of our SaaS marketing and management services, which require lower level of inventories.

As at 30 April 2024, RMB8.0 million, or 79.6% of our inventories as at 31 December 2023 have been subsequently sold or utilised.

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### Trade and other receivables

Our trade and other receivables primarily represented amounts due from our customers in our ordinary course of business, net of allowance for credit losses. The table below sets out a breakdown of our trade and other receivables as at the dates indicated and the trade receivable turnover days for the years indicated:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
<b>Trade receivables</b>			
Trade receivables . . . . .	111,970	132,721	139,086
Less: Allowance for credit losses . . . . .	(42,374)	(42,073)	(43,261)
Sub-total . . . . .	69,596	90,648	95,825
Trade receivables turnover days <sup>(note)</sup> . . . . .	106.7	70.7	60.7
<b>Other receivables</b>			
VAT receivables . . . . .	1,517	746	993
Others . . . . .	522	1,006	1,267
Less: Allowance for credit losses . . . . .	(10)	(20)	(252)
	2,029	1,732	2,008
Total . . . . .	71,625	92,380	97,833

*Note:* Trade receivable turnover days are calculated by dividing the average balances of trade receivables for the respective year divided by revenue, which are then multiplied by 365 days. The averages of trade receivables are the arithmetic means of the opening and closing balances of trade receivables for the respective year.

Our net trade and other receivables increased from RMB71.6 million as at 31 December 2021 to RMB92.4 million as at 31 December 2022 mainly due to our business growth, leading to an increased balance of trade and other receivables. Our net trade and other receivables increased from RMB92.4 million as at 31 December 2022 to RMB97.8 million as at 31 December 2023 mainly due to the increase in our business scale and in particular our revenue, in particular growth in both of our business lines.

During the Track Record Period, our trade receivables turnover days decreased from 106.7 days to 70.7 days and 60.7 days during FY2021, FY2022 and FY2023, respectively. The shortening of trade receivables turnover days is general in line with our increase in revenue contribution from our SaaS value-added services during the Track Record Period, which generally had a shorter credit term.

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Our Group does not hold any collateral or over our trade receivable balances. Trade receivables are non-interest bearing.

The following table sets out the ageing analysis of our trade receivables based on the date of transfer of goods or date of rendering of services and net of provision for impairment as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0-90 days . . . . .	30,907	61,961	71,908
91-180 days . . . . .	13,064	23,482	18,556
Over 180 days . . . . .	25,625	5,205	5,361
	69,596	90,648	95,825

Ageing of trade receivables which were past due but not impaired:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
91-180 days . . . . .	6,082	14,970	6,857
Over 180 days . . . . .	25,625	5,205	5,361
	31,707	20,175	12,218

Our Group performs impairment analysis at each reporting date using a provision matrix to measure expected credit losses (“ECL”). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. Details of the ECL impairment analysis are set out in notes 5, 9 and 35 to the Accountants’ Report in Appendix I to this document.

As at 31 December 2021 and 2022 and 2023, the allowance of credit losses of trade receivables according to our ECL policy were RMB42.4 million, RMB42.1 million and RMB43.3 million, respectively.



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As of 31 December 2021 and 2022 and 2023, included in the Group's trade receivables balance were debtors with aggregate carrying amount of RMB31.7 million, RMB20.2 million and RMB12.2 million, respectively, which were past due but not impaired as of the reporting date. Out of the past due balance, RMB25.6 million, RMB5.2 million and RMB5.4 million as at 31 December 2021 and 2022 and 2023, respectively have been past due for 180 days or more and were not considered as in default because the amounts were due from a number of reputable customers with good credit ratings. In addition, to better manage risk arising from trade receivables, we have credit risk grading policies in place to ensure that credit terms are made to customers with an appropriate credit history. We also perform ongoing credit evaluations of our customers. We will prepare quarterly trade receivables aging analysis for management review. Our management will also assess the customer's credit quality, credit limits for our customers monthly and the risk of bad debt with reference to the customer's background, sales amount, the customer's payment history, scale of operation and business relationship with our Group. We also use publicly available financial information and our own trading records to rate major customers and other debtors. The credit qualities of these customers are assessed, with reference to, among other factors, their financial position and past experience. We also regularly review the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Based on the above, we consider that there was no significant change in these customers' credit risk.

Certain of our trade receivables with the carrying amounts of RMB20.0 million and nil as at 31 December 2021 and 31 December 2022, respectively, were pledged to secure bank borrowings granted to our Group. See note 30 to the Accountants' Report set out in Appendix I to this document.

As at 30 April 2024, RMB38.7 million or 39.5% of our trade and other receivables outstanding as at 31 December 2023 have been subsequently settled. During the Track Record Period, we regularly review the recoverability of these receivables. Our management also evaluates on the recoverability of trade receivables based on historical settlement records and business relationship with the individual customers. Our Directors are of the view that there is no material recoverability issue for the trade receivables on the basis that the majority of our trade receivables stem from long-standing customer relationships spanning over five years, during which we have experienced no credit losses during the Track Record Period. This extended history of successful transactions with these customers provides the basis for the recoverability of our trade receivables. Additionally, our track record of consistent collections and the fact that around 40% of our receivables have been settled by April 2024 further support the view that there are no significant recoverability issues. Besides, we have implemented comprehensive client management practices, including conducting background search and regular risk assessments to ascertain the financial position of our major customers. Based on the foregoing, our Directors consider that the risk of recoverability issues from subsequent settlement of amounts outstanding is low.

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### Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL mainly represented our investments in (i) equity securities listed on the Shanghai Stock Exchange, (ii) unlisted funds which represented a portfolio of investments managed by fund managers with most of the portfolio assets being invested in bond investments in the PRC, (iii) unlisted equity investments, and (iv) unlisted trust in the PRC during the Track Record Period. Our Group’s investment into an investment fund product may be redeemed on demand by us. The principal or returns on the fund product were not guaranteed, hence their contractual cash flows did not qualify for solely payments of principal and interest, and therefore the fund product were classified as financial assets at FVTPL. We purchased unlisted funds during FY2021, and its carrying values as at 31 December 2021, 31 December 2022 and 31 December 2023 were RMB130.3 million, RMB138.5 million and RMB147.2 million, respectively. The fluctuation in the values of our investment into wealth management products per primarily due to the fluctuation of market value of these products held by us at the relevant reporting dates with reference to the underlying investment portfolios which have observable quoted prices in active markets.

During the Track Record Period, we have purchased the investment fund products from Zhongyue Capital Management Co., Ltd. (中閱資本管理股份公司) (“**Zhongyue Capital**”), a mixed ownership company with state-owned participation and an Independent Third Party. Based on publicly available information, Zhongyue Capital is founded in March 2017, and is a mixed ownership asset management company, jointly established with a number of renowned corporations, including a company whose shares are listed on the Stock Exchange. The paid-up registered capital of Zhongyue Capital was RMB100 million. The total asset management scale of Zhongyue Capital is approximately RMB4 billion.

When investing in wealth management products, we aim to achieve (i) a relatively low level of risk, (ii) good liquidity and (iii) an enhanced yield. With the view to enhance the financial return on our Group’s cash assets while ensuring the liquidity and safeguarding the principal, we have sought new investment tools to meet the Group’s strategies. As such, we decided to purchase private equity funds based on the following considerations:

- (i) Risk level: We adopt a prudent treasury approach. One of our primary consideration when purchasing wealth management products is the associated risk levels. Our management determined the risk level of the wealth management products with reference to a number of factors, including, the identity and background of the issuers, their reputation and risk rating, their experience, scale of assets under management and performance of the products managed by them.

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- (ii) Liquidity: While choosing the wealth management products and the issuers for the fund products, we normally assess the background of issuers, including its capital contribution amount, its financial standing, its shareholder base and client base, the liquidity support. Through conducting the above assessment, we could better manage the liquidity risk in case our Group has to redeem the fund products.
- (iii) Expected yields: We purchased fund product which mainly invests in bonds issued by A-share listed companies with high quality assets or their controlling shareholders. The rate of return of such bonds is higher than that of municipal bonds and lower risk. While there may be a short term fluctuation in the valuation of the products during the investment period, we expect it will not result in a loss of principal at the end of the investment period.
- (iv) Other considerations: We regularly assess the financial condition of our Group and forecast the cash flow and the corresponding allocation of funds for the next two years.

We have formulated internal control policies setting out the approval process for the purchase of wealth management products and have assigned the responsible personnel to ensure strict adherence of the policies. Our investment decisions are made on a case-by-case basis and after due and careful consideration of a number of factors, including but not limited to our overall financial condition, market and investment conditions, economic developments, investment cost, duration of investment and the expected returns and potential risks of such investment. We shall generally purchase low-risk and short-term wealth management products only issued by reputable commercial banks in the PRC. The wealth management products shall generally have strong liquidity. Our Directors shall consider the criteria of the investments, including liquidity, credit risk and expected return. We shall obtain prior approval from our Board for the purchase of any medium-high risk wealth management products. In addition, based on our internal control policy, each transaction for the purchase of wealth management products is initiated by our finance department, which should be reviewed by finance department, our Chief Financial Officer. Our financial department is responsible for carrying out and monitoring the investments. Before making any investment decisions, we conduct assessment and prepare investment reports of expected returns and risk analysis by performing feasibility analysis on our investment plan, scale and expected return rates, and conducting risk assessment on product portfolios and the trustee's creditworthiness for fund management product. During the term of the investment period, we monitor the fluctuations in the investment products' performance, maintain regular communication with the fund manager for timely updates, and would report to relevant members of senior management should the fluctuations indicate abnormalities or high risks. Besides, we report to the shareholders regularly regarding the performance of the wealth management product and implement alternative investment strategies where appropriate. In addition, we will comply with Chapter 14 of the Listing Rules and disclose the details of our investments or other notifiable transactions after the [REDACTED]. Based on the background of the issuer of the investment fund product and the internal policies implemented by the Group as out above, the Directors considered that the credit risk exposure of the Group arising from

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the investment of unlisted investment fund product during the Track Record Period is low. For details, please refer to the paragraph headed “Quantitative And Qualitative Disclosures About Market Risks—Credit risk” in this section.

See notes 26 and 35 to the Accountants’ Report in Appendix I to this document for further details.

### Trade and other payables

Our trade and other payables primarily represented trade payables due to our suppliers, bills payables, deposits received from our customers and accrued salaries and other tax payables. The table below sets out a breakdown of our trade and other payables as at the dates indicated, and the trade payable turnover days for the years indicated:

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Trade payables . . . . .	14,380	20,563	21,121
Bills payable . . . . .	26,544	50,570	27,037
Deposits . . . . .	1,784	1,275	2,715
Accrued salaries . . . . .	5,894	6,708	7,216
Other tax payables . . . . .	1,046	5,783	6,585
[REDACTED]. . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Dividends payable to non-controlling interests . . . . .	2,700	–	–
Others . . . . .	1,609	1,340	1,661
	54,205	89,892	69,502
Trade payable turnover days <sup>(note)</sup> . . . . .	38.7	26.5	24.6

*Note:* Trade payable turnover days are calculated by dividing the average balances of trade payables for the respective year divided by the cost of sales, which are then multiplied by 365 days. The averages of trade payables are the arithmetic means of the opening and closing balances of trade payables for the respective year.

During the Track Record Period, we also paid some of our suppliers using bank acceptance bills that are issued by banks for purchases that we made. The bank acceptance bills we used during the Track Record Period generally had maturity dates of six months.

As at 31 December 2021, 31 December 2022 and 31 December 2023, our bills payable amounted to RMB26.5 million, RMB50.6 million and RMB27.0 million, respectively. The increase in the bills payable as at 31 December 2021 to 31 December

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2022 was primarily due to our effort to utilise the bills payable for us to retain our cash to support our business expansion plans and to use cash to purchase from suppliers who offered more favourable terms if we purchase on “cash-on-delivery” terms.

Our trade payable turnover days decreased from 38.7 days to 26.5 days and further decreased to 24.6 days as at 31 December 2021, 2022 and 2023 respective. The decrease in trade payable turnover days was primarily attributable to (i) the decrease in trade payables resulting from our increase in the balance of our bills payables as at 31 December 2022 as compared to that of 31 December 2021 and (ii) the increase in cost of sales and lowering trade payable balance leading to a lower trade payable turnover days as at 31 December 2022 as compared to that of 31 December 2021. Our trade payable turnover days as at 31 December 2022 and 2023 remained relatively stable at 26.5 days and 24.6 days, respectively.

As at 30 April 2024, approximately RMB45.9 million, representing approximately 66.0% of our trade and other payables as at 31 December 2023, had been settled.

### ***Trade and bills payables***

Our trade and bills payables increased from RMB40.9 million for FY2021 to RMB71.1 million for FY2022 primary due to our overall business expansion.

The following table sets out the ageing analysis of our trade and bills payables based on invoice date as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0-180 days . . . . .	39,459	71,008	47,852
181-365 days . . . . .	1,465	125	306
	40,924	71,133	48,158

### **Lease liabilities**

Our Group has adopted IFRS 16 for the preparation of our historical financial information as stated in note 3 to the historical financial information in the Accountants' Report set out in Appendix I to this document. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our Group's consolidated statement of financial position for the Track Record Period. As at 31 December 2023, the carrying amount of our total lease liabilities were RMB2.8 million.

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### Borrowings

Our borrowings amounted to RMB38.2 million, RMB35.5 million and RMB43.4 million as at 31 December 2021, 31 December 2022 and 31 December 2023, respectively. As at 30 April 2024, our borrowings amounted to RMB56.2 million. We obtained bank borrowings during the Track Record Period to primarily support our business growth and to support our strategy to improve of our coverage of 4S store customers, while enhancing our working capital structure and enjoying PRC government’s preferential policies to reimburse interest expenses on borrowings taken out by small-to-medium enterprises. The table below sets out a breakdown of our borrowings as at the dates indicated:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Bank loans . . . . .	8,209	23,526	26,398	39,191
Other borrowings . . . . .	30,014	12,016	17,019	17,025
	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>	<u>56,216</u>
Secured . . . . .	30,000	12,000	17,000	17,000
Unsecured . . . . .	8,223	23,542	26,417	39,216
	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>	<u>56,216</u>
Represented:				
Fixed-rate borrowings . . . . .	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>	<u>56,216</u>

The carrying amounts of the borrowings are repayable within one year.

The lenders of our other borrowings are mainly small-to-medium licensed money lenders in the PRC with state-owned background, which are Independent Third Parties to us.

The effective interest rates of our Group’s bank loans from commercial banks ranged from 4.35% to 4.79%, 3.7% to 4.35% and 3.6% to 4.4% per annum for each of FY2021, FY2022 and FY2023, respectively; while, the effective interest rates of our Group’s other borrowings ranged from 4.96% to 6.5%, 4.96% to 6.5%, and 4.90% per annum for each of FY2021, FY2022 and FY2023, respectively.

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Despite the above apparent differences in terms of interest rates from the commercial banks and small-to-medium licensed money lenders, based on the PRC government's preferential policies, the PRC government may reimburse interest expenses on borrowings from licensed money lenders in an amount up to 70% of the interest expenses taken out by our Group, which would be conditionally refunded to our Group. According to the government policies, we have to fulfil certain conditions precedents as stated in the loan agreements in order for us to reimburse the interest expenses. The condition precedents include, among other things, being registered in Nanshan District, having obtained borrowings from the designated financial institutions under the government's scheme, and having no default in repayment of the loan or having settled the borrowings at the time of the application. During the Track Record Period, our Group was able to fulfill all the conditions precedents. As such, in FY2022, the amount of reimbursement of interest expenses on these borrowings from licensed money lenders received by our Group in respect of the other borrowings we took out in FY2021 was in aggregate RMB877,000. In respect of the borrowings which we have successfully obtained reimbursement for the interest expenses, the actual interest rate was 1.95% and 1.81% in respect of the other borrowings we took out in FY2021. As we are in the progress of applying for reimbursement of interest expenses, we expect to receive the rest of the reimbursement amount for the FY2022 and FY2023 in or around second half of 2024. Taking into account of the benefits conferred by government policies, the net interest payable by us to licensed money lenders would be more favourable terms as compared to those payable by us to normal commercial banks. As such, our Group obtained such borrowings from small-to-medium licensed money lenders in the PRC.

The duration of our bank loans and other borrowings usually ranged from six to 12 months during the Track Record Period. In certain cases, the lenders may require personal guarantee from the Directors and controlling shareholders of our Company, together with their respective associates, or from third party guarantee companies.

Furthermore, our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, we did not encounter any difficulty in obtaining financing from commercial banks or licensed money lenders on acceptable terms.

The following table sets out the range of effective interest rates on our borrowings as at the dates indicated:

	As at 31 December		
	2021	2022	2023
Effective interest rate per annum . . . . .	4.35% to 6.50%	3.70% to 6.50%	3.60% to 4.90%
	6.50%	6.50%	4.90%

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## FINANCIAL INFORMATION

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At 31 December 2021, our borrowings amounting to RMB38.2 million were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao, Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd., Shenzhen SME Financing Guarantee Co., Ltd., certain entities comprising the Group. An amount of RMB10.0 million of the borrowings were also secured by a patent of Guanglian Saixun.

At 31 December 2022, our borrowings amounting to RMB35.5 million were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao, Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd., Shenzhen Lihe Technology Financing Guarantee Co., Ltd., and entities comprising the Group. An amount of RMB12.0 million of the borrowings were also secured by a patent of Guanglian Saixun.

At 31 December 2023, our borrowings amounting to RMB43.4 million were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd., Shenzhen Lihe Technology Financing Guarantee Co., Ltd., and entities comprising the Group. An amount of RMB17.0 million of the borrowings were also secured by two patents of Guanglian Shuke.

As at 30 April 2024, our borrowings amounting to RMB56.2 million were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd., and entities comprising the Group. An amount of RMB17.0 million of the borrowings were secured by two patents of Guanglian Shuke. We had no unutilised banking facilities. Our Directors confirm that guarantees provided by Mr. Zhu Lei and Mr. Zhao will be released upon the [REDACTED].

Our Directors have confirmed that during the Track Record Period we had not experienced any material difficulties in obtaining or repaying borrowings, and they were not aware of any breach of any major covenant or restriction of such borrowings.

### **Contract liabilities**

Our contract liabilities mainly arise from the advance payments made by customers in connection with our sales of in-vehicle hardware products and the provision of our SaaS marketing and management services over the stipulated contract terms, which were generally three years during the Track Record Period. Our contract liabilities are subsequently recognised as revenue when we render the services or deliver our products.



## FINANCIAL INFORMATION

The table below summaries our contract liabilities as at the dates indicated:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Sales of in-vehicle hardware products and SaaS subscription services	146,278	116,349	80,859
Current . . . . .	111,658	95,435	58,975
Non-current . . . . .	34,620	20,914	21,884
	146,278	116,349	80,859

Our contract liabilities recorded a decrease from RMB146.3 million to RMB116.3 million and RMB80.9 million as at 31 December 2021, 2022 and 2023, respectively. The overall decreasing trend of contract liabilities was primarily due to change in our product mix resulting from decreasing revenue contribution from our sales of in-vehicle hardware products and the provision of SaaS subscription services as we focus on expanding our SaaS value-added services.

As at 30 April 2024, RMB32.5 million or 40.2% of our contract liabilities as at 31 December 2023 have been subsequently recognised as our revenue.

### CAPITAL COMMITMENTS AND EXPENDITURE

During the Track Record Period, our Group incurred capital expenditure of nil, RMB48,000 and RMB57,000, respectively, which related to acquisition of property, plant and equipment contracted for but not provided in the financial statements.

Details of our Group’s contractual and capital commitments are disclosed in note 34 to the Accountants’ Report in Appendix I to this document.

## FINANCIAL INFORMATION

### INDEBTEDNESS

The table below sets out the details of our indebtedness of the dates indicated:

	As at 31 December			As at 30 April
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Lease liabilities (Current) . . . . .	1,813	2,347	2,314	1,629
Lease liabilities (Non-current) . . .	662	2,038	436	233
Sub-total . . . . .	<u>2,475</u>	<u>4,385</u>	<u>2,750</u>	<u>1,862</u>
Borrowings (Current) . . . . .	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>	<u>56,190</u>
<b>Total . . . . .</b>	<b><u>40,698</u></b>	<b><u>39,927</u></b>	<b><u>46,167</u></b>	<b><u>58,052</u></b>

As at 30 April 2024, being the latest practicable date for the purpose of the indebtedness statement, our Group had outstanding indebtedness representing lease liabilities of RMB1.9 million and interest-bearing bank and other borrowings of RMB56.2 million.

During the Track Record Period and up to 30 April 2024, our Group has not experienced any difficulty in obtaining bank borrowings. As far as the Directors are aware, the Group did not have any material covenant on the outstanding borrowings nor breach of covenants during the Track Record Period and up to 30 April 2024 that would (either individually or in aggregate) have a material effect on the Group's financial conditions. As at 30 April 2024, none of our bank borrowings were secured by our trade receivables.

Save as disclosed above, as at 30 April 2024, our Group did not have any other bank facilities, borrowings, mortgages, charges, debentures, or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptance, acceptance credits, hire purchase commitments, guaranteed or guaranteed, or contingent liabilities or guarantees.

### Lease liabilities

Our Group has adopted IFRS 16 for the preparation of our historical financial information as stated in note 3 to the historical financial information in the Accountants' Report set out in Appendix I to this document. As such, leases have been recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation) in our Group's consolidated statement of financial position for the Track

## FINANCIAL INFORMATION

Record Period. As at 30 April 2024, we, as lessee, had outstanding lease liabilities of RMB1.9 million, among which: (i) lease liabilities of RMB1.2 million were by secured by rental deposits and unguaranteed; (ii) lease liabilities of RMB0.7 million were unsecured and unguaranteed.

### Borrowings

See “Description of selected items in the consolidated statements of financial position—Borrowings” in this section.

### Contingent liabilities

As at 31 December 2021, 2022, 2023 and 30 April 2024, we did not have any contingent liabilities.

Our Directors confirm that there is no material change in our indebtedness since 30 April 2024 and up to 30 April 2024.

## TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in note 36 to the Accountants’ Report in Appendix I to this document, our Directors confirm that such transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to independent third parties and were fair and reasonable and in the interest of our Shareholders as a whole.

## KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for the year/as at the dates indicated:

	Year ended 31 December		
	2021	2022	2023
<b>Profitability ratio</b>			
Gross profit margin <sup>(1)</sup> . . . . .	29.0%	41.8%	44.9%
Net profit margin <sup>(2)</sup> . . . . .	10.7%	11.5%	9.2%
Return on equity <sup>(3)</sup> . . . . .	13.2%	16.1%	15.2%
Return on total assets <sup>(4)</sup> . . . . .	6.8%	8.8%	9.1%
	As at 31 December		
	2021	2022	2023
<b>Liquidity ratio</b>			
Current ratio <sup>(5)</sup> . . . . .	1.6 times	2.1 times	2.9 times
Quick ratio <sup>(6)</sup> . . . . .	1.5 times	2.1 times	2.8 times

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## FINANCIAL INFORMATION

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*Notes:*

- (1) Gross profit margin was calculated based on gross profit divided by revenue for the respective year.
- (2) Net profit margin was calculated based on net profit divided by revenue for the respective year.
- (3) Return on equity was calculated based on annualised net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.
- (4) Return on total assets was calculated based on annualised net profit of the respective year, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.
- (5) Current ratio was calculated based on the total current assets divided by the total current liabilities.
- (6) Quick ratio was calculated based on the total current assets less inventories and divided by the total current liabilities.

### **Return on equity**

Our return on equity increased from 13.2% for FY2021 to 16.1% for FY2022 mainly due to the increase in our equity contributed from our net profit generated. Our return on equity decreased from 16.1% for FY2022 to 15.2% for FY2023 mainly due to decreased net profit attributable to shareholders and increase in the average total equity calculated with the opening and closing balances of total equity for FY2023 as compared to that for FY2022.

### **Return on total assets**

Our return on total assets increased from 6.8% for FY2021 to 8.8% for FY2022 mainly due to the increase in net profit for FY2022. Our return on total assets increased from 8.8% for FY2022 to 9.1% for FY2023 mainly due to the increase in the average total assets calculated with the opening and closing balances of total assets for FY2023 as compared to that of FY2022.

### **Current ratio**

Our current ratio increased from 1.6 times as at 31 December 2021 to 2.1 times as at 31 December 2022 to 2.9 times as at 31 December 2023, respectively. The overall increasing trend was primarily attributable to the increase in total current assets.

### **Quick ratio**

Our quick ratio increased from 1.5 times as at 31 December 2021 and 2.1 times as at 31 December 2022 to 2.8 times as at 31 December 2023, respectively. The overall increasing trend was primarily attributable to the increase in total current assets.

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## FINANCIAL INFORMATION

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### QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market, such as market risk, credit risk and liquidity risk.

#### **Market risk**

Our Group's activities expose it primarily to the financial risks of interest rates. There has been no change to our Group's exposure to market risks or the manner in which we manage and measure the risk during the Track Record Period.

Our Group exposed to fair value interest rate risk in relation to fixed-rate time deposits with maturity over three months, borrowings and lease liabilities. Our Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate on bank balances. Our Group currently does not have interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

#### **Credit risk**

Our Group's credit risk is mainly associated with bank balances, time deposits with maturity over three months, bank deposits, restricted bank deposits, trade and other receivables and deposits paid to customer. Our Group mainly conducted transactions with customers with good quality and long term relationship, when accepting new customers, our Group considers the reputation of the customer before contract is signed.

In order to minimise the credit risk, the management of our Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts. To manage risk arising from trade and other receivables, our Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

#### **Liquidity risk**

In the management of liquidity risk, our Group's management monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance our Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

Details of the maturity profile of our financial liabilities are set out in note 35 to the historical financial information in the Accountants' Report set out in Appendix I to this document.

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## FINANCIAL INFORMATION

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[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately RMB[REDACTED] million or [REDACTED]% of the [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share consisting of (i) [REDACTED]-related expenses (including but not limited to commissions and fees) of approximately RMB[REDACTED] million and (ii) [REDACTED] related expenses of approximately RMB[REDACTED] million, comprising (a) fees and expenses of our legal advisers and reporting accountant of approximately RMB[REDACTED] million; and (b) other fees and expenses of approximately RMB[REDACTED] million.

During the Track Record Period, [REDACTED] was RMB[REDACTED] million, RMB[REDACTED] million and RMB[REDACTED] million. The total [REDACTED] in relation to the [REDACTED] (based on the mid-point of the [REDACTED] range stated in this document and without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme), mainly comprising fees paid or payable to professional parties and [REDACTED] fees and commission, are expected to be approximately RMB[REDACTED] million, of which, (i) approximately RMB[REDACTED] million is expected to be deducted from equity upon completion of the [REDACTED] under the relevant financial reporting standards; and (ii) approximately RMB[REDACTED] million is expected to be recognised as expenses in profit or loss. In respect of the total amount charged or to be charged to our profit or loss, approximately RMB[REDACTED] million has been charged to our profit or loss during the Track Record Period. The [REDACTED] above are the best estimate as at the Latest Practicable Date and for reference only and the actual amount may differ from this estimate.

### DIVIDENDS

Dividends to non-controlling shareholders in the amount of RMB2.7 million was declared during FY2021 and paid during FY2022. Save for the foregoing, no dividends had been declared during the Track Record Period and up to the Latest Practicable Date.

We do not have any fixed dividend policy nor pre-determined dividend payout ratio. The declaration of dividends is subject to the discretion of our Board. Any declaration of final dividend by our Company shall also be subject to the approval of our Shareholders in a Shareholders' meeting. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to constitutional documents, any applicable laws and regulations, including the Cayman Companies Act. Historical dividend distributions are not indicative of our future dividend distribution.

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## FINANCIAL INFORMATION

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Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

### DISTRIBUTABLE RESERVES

Our Company was incorporated on 12 January 2022 and is an investment holding company. As at 31 December 2023, our Company had distributable reserves of RMB238.1 million, which were available for distribution to our equity shareholders.

### OFF-BALANCE SHEET ARRANGEMENT

During the Track Record Period, we did not have any material off-balance sheet arrangements. As at the Latest Practicable Date, we had not entered into any off-balance sheet transactions.

### UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II – Unaudited [REDACTED] Financial Information” for details.

### NO MATERIAL AND ADVERSE CHANGE

Our Directors have confirmed, after due and careful consideration, that as at the date of this Document, there has been no material adverse change in our financial or trading position or prospects of our Group since 31 December 2023, and there is no event since 31 December 2023 that would materially and adversely affect the information shown in our consolidated financial information included in the Accountants’ Report set out in Appendix I to this document.

### DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE HONG KONG LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

### RECENT DEVELOPMENTS

Please refer to “Summary—Recent Developments and No Material Adverse Change” and “40. Subsequent Events” in Appendix I to this document for further details of recent developments of our Group.

**FUTURE PLANS AND [REDACTED]**

**FUTURE PLANS**

Please refer to the section headed “Business—Our Strategies” for a detailed description of our future plans.

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million (after deducting [REDACTED] fees and estimated expenses payable by us in connection with the [REDACTED]), assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] to HK\$[REDACTED] per Share.

**Implementation Plan**

We intend to use our [REDACTED] received from the [REDACTED] to implement our business strategies and objectives as set out in “Business—Our Strategies”.

The table below sets out an overview of our business strategies and the implementation timeline for our use of [REDACTED]. As implementation of future plans is subject to uncertainties and factors that are out of our control, we cannot assure you that our implementation plan will be materialised in accordance with the estimated time frame or will be accomplished at all.

Business Strategies	FY2024	FY2025	FY2026	FY2027	FY2028	Total
	HK\$ in million					
<b>1. Enhance our R&amp;D capabilities. . . . .</b>						
(1) Developing innovative features to our SaaS marketing and management services . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(2) Enhancing our algorithmic modeling capabilities . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(3) Upgrading our existing in-vehicle hardware products . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(4) Enhancing the cloud-native technology in our products and services . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(5) Enhancing investments in cloud-based infrastructure . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>2. Broaden our service offerings to other participants along the industry chain of the automotive industry. . . . .</b>						
(1) Increasing our penetration to 4S stores. . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(2) Expanding to insurance companies . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
(3) Expanding to automotive manufacturers . . . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>3. Seek potential strategic investment and collaboration opportunities . . . . .</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>4. Working capital and general corporate purposes . . . . .</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Total . . . . .</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]



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## FUTURE PLANS AND [REDACTED]

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### OUR BUSINESS STRATEGIES AND DETAILS OF OUR [REDACTED]

We intend to apply the [REDACTED] from the [REDACTED] in the manner as described in the paragraphs below. For further details on our personnel recruitment involving [REDACTED] from the [REDACTED], please refer to “Our recruitment plan—enhancing our R&D capabilities” and “Recruitment plan—broadening our service offering” in this section.

#### 1. Enhance our research and development (“R&D”) capabilities

According to CIC, the emergence of innovative technologies has revolutionised the operating mode of the automotive aftermarket industry. It is therefore crucial for our Group to innovating and developing products and services that our customers want in order to maintain our competitiveness in the industry to avoid being outplayed by competitors. We intend to allocate approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years, to enhance and further strengthen our R&D capabilities through developing technological and functional improvements through which we will enhance our competitiveness. Specifically, we intend to apply the [REDACTED] earmarked for this purpose to the following R&D initiatives:

**(1) Developing innovative features to our SaaS marketing and management services:** Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years to develop innovative features to our SaaS marketing and management services. The allocated amount will be mainly used for (i) recruiting a total of 12 technical professionals such as Java software engineers, front-end engineers, database engineers, system operation and maintenance engineers, product managers and testing engineers; and (ii) leasing new software products such as software development tools and systems, and hardware equipment such as testing equipment and cloud servers in order to support our research and development initiatives and services innovations. More specifically, we plan to invest on the following:

- Upgrading our SaaS marketing and management services through developing innovative features and launching our self-developed technology infrastructure, thereby reaching out to a larger group of target customers. We intend to launch our self-developed technology infrastructure which could achieve integration with reputable third party social media platforms. With the popularity of short-clip videos, live-streaming and social media platforms among the consumers in the PRC, we intend to develop specific functionalities that integrate our technology infrastructure with other reputable third party platforms.

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## FUTURE PLANS AND [REDACTED]

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Specifically, we intend to develop functionalities that would allow (i) centralised management of the user accounts of our automotive aftermarket store customers across the third party social media platforms; (ii) evaluation of the marketing activities conducted by our automotive aftermarket store customers; and (iii) redirecting such sales data into our technology infrastructure for filtering, post-processing and leads generation. To achieve this, we also aim to develop a new “Customer Data Platform” (“**CDP**”) that allows for consolidation of different sources of car user information and purchasing interests including from third party social media platform, thus realising the concept of “oneID” (meaning centralised management of individual car users’ information) and further facilitating our automotive aftermarket store customers’ staff to better understand and to effectively manage and market to car user, thus increasing the conversion of sales leads into sales. Through this new technology infrastructure platform, our automotive aftermarket store customers would have more tools to reach out to individual car users such as channels provided by third party social media platforms, short videos, live streaming and our in-vehicle hardware (such as our in-vehicle hardware products). The “oneID” functionality would allow our automotive aftermarket store customers to more effectively manage the numerous communication channels with car users, realising effective marketing. We believe the development and launch of these additional functionalities could allow more effective management of marketing activities from third party platform by our automotive aftermarket store customers. We also believe these technology and functionality upgrades, which will be implemented in stages, would allow our automotive aftermarket store customers to further develop their digital marketing capabilities, provide us with market insights and cater for more diverse business and application scenarios, thereby attracting new automotive aftermarket store customers to use our SaaS marketing and management services.

- Expanding the functionalities of our SaaS marketing and management services with an aim to horizontally expand the coverage of our services, and to address more diversified business and application scenarios. Towards this goal, we intend to extend the breath and the coverage of our SaaS marketing and management services to cater for diverse application scenario within the automotive aftermarket industry, such as new energy vehicle trade-in and sales, car wash, auto beauty and maintenance, second hand cars trade-in businesses. In particular, riding on the favourable policies implemented by the Chinese government on the popularisation of new energy vehicles and the increase average age of cars within China, we aim to develop a marketing service system specifically for new energy vehicle sales scenarios, to support the marketing capabilities of our customers. For instance, providing one-stop

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## FUTURE PLANS AND [REDACTED]

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service to assist car owners to purchase and replace new energy vehicles. By extending the breadth of our services to cover new energy vehicle sales business, we believe we can derive more sales to our SaaS value added services.

(2) ***Enhancing our algorithmic modeling capabilities:*** Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years to improve operational efficiency, reliability and functionality of our products and services through enhancing our algorithmic modeling capabilities. The allocated amount will be mainly used for (i) recruiting a total of six technical professionals such as Java software engineers, database engineers, algorithm engineers, automation and maintenance engineers, product managers and testing engineers; and (ii) leasing new software products such as cloud data base, and hardware equipment such as cloud servers. More specifically, we plan to invest on the following:

- leveraging engines generated by contents based on large-scale models for content creation and formulation of sales and marketing strategies. We intend to utilise third-party engines generated by contents based on large-scale models and refine their functions for targeted automotive marketing scenarios to generate high-quality marketing content such as delivering contents and materials that highlight the advantages and distinguishing features, pieces that educate car users on daily-use of cars, and distributing such contents through different media including videos, pictures and text. While this can be done manually, the creation process may be long and might be costly in terms of human and other resources. Through suitable training of the algorithmic modeling platform that will be carried out by our software engineers who are experienced in algorithmic modeling development, we target to develop a model that could be easily and efficiently used by our automotive aftermarket store customers to utilise algorithmic models in their marketing activity would be applied in various scenarios such as speech skills and sales training in the 4S store, thereby increasing the business efficiency of each in-store personnel. With the increasing popularity of the use of generative large-scale model applications, and in order to remain our competitiveness in the automotive aftermarket industry, we intend to deploy third-party large-scale model content generative engines to carry our content creation functions. According to CIC, generative large-scale model content creation tools not only serves as a marketing tools, it can also provide data-driven insights, which lead to better decisions with reference to a particular customer groups and devise the unique marketing strategies for them. Besides, with the assistance of specific refinement, we can automate repetitive tasks in the algorithmic modeling tools, thereby increasing our efficiency and introducing the diversity in

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## FUTURE PLANS AND [REDACTED]

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delivering customised marketing services. We believe by leveraging generative large-scale model engines for content creation and formulation of sales and marketing strategies, it would allow our automotive aftermarket store customers to increase the productivity and output of sales and marketing content, improve the efficiency of content creation and reducing content creation costs while allowing them to deliver customised experiences to car users.

Besides, we plan to use generative large-scale model tools to generate personalised marketing services based on data insight and analysis of car users' characteristics and historical purchase data. Based on the generative large-scale model creative assistance technologies, we believe we can provide more targeted and innovative marketing strategies targeting different car user groups, which in turn can allow our automotive aftermarket store customers to better formulate their marketing strategies, enhance their digital operation and marketing capabilities, and to provide more opportunities for our automotive aftermarket store customers to grow their business and their customer bases.

- continuously improving our research and development of model in collision leads-generation by optimising algorithms and models that can improve the accuracy of collision accident recognition (碰撞事故識別) and enhance the vehicle safety experience for car users. Currently, we use algorithmic modeling technology to generate collision repair leads in providing our SaaS subscription service. We use this algorithmic modeling technology to detect whether a vehicle collision has occurred, determine the collision scale and collision type, and trigger different processing actions based on the severity level through the in-vehicle sensor. Such in-vehicle sensor mainly consists of deep learning algorithms which feature self-learning capabilities, such as speech classification, target detection, video classification, and other deep learning algorithms. We intend to enhance our algorithmic modeling capabilities with an aim to better employ deep learning algorithms to perform sophisticated computations on large amounts of data. For instances, to use the scene-specific algorithms in the field of computer vision to detect the target, which, compared with the traditional simple segmentation of the definition of the threshold algorithm, reduces the false detection rate and improves the customer experience. We plan to enhance our existing collision accident recognition algorithms in order to improve the recognition accuracy and better detect and identify the needs to enable 4S stores to provide road-side rescue to vehicle users. For examples, we will focus on developing functions in different aspects including collision data collection (碰撞數據採集), video and image

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## FUTURE PLANS AND [REDACTED]

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recognition (視頻及圖像識別), collision data pre-processing (碰撞數據預處理), collision model training (碰撞模型訓練), and collision model application (碰撞模型應用).

Through our continuous efforts in the research and development, we believe we can increase the image recognition, achieve higher detection accuracy, reduce processing time, increase the responsiveness and sensitivity of our in-vehicle hardware, thereby more accurately identify whether a vehicle has collided, provide more precise and timely incident leads to 4S stores, increase the relevance of information provided to users and increase their satisfaction. Accordingly, increasing the repair leads generation and potentially bringing more sales to 4S stores and strengthening our core competitiveness.

Leveraging our R&D capabilities, we aim to continue to connect with more industry participants along the industry value chain and continue to enhance and expand our products and services offerings to drive customer and user engagement. We consider having a continuously increasing and highly engaged users base to our products and services is crucial to the success of our business. We believe the investments in (i) developing innovative features to our SaaS marketing and management services, (ii) extending the breadth of our SaaS marketing and management services, (iii) leveraging generative large-scale model engines for content creation and formulation of sales and marketing strategies; and (iv) continuously improving our collision event recognition algorithms, will allow us to better capture the industry trend, retain existing customers and attract new customers to use our products and services. These efforts will allow us to achieve synergy effect through the parallel operation of our SaaS subscription services and SaaS value-added services and provide us with a highly competitive advantage among the automotive aftermarket industry.

**(3) *Upgrading our existing sales of in-vehicle hardware products:***

Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years by upgrading our existing sales of in-vehicle hardware products and developing our software platform. The allocated amount will be mainly used for (i) recruiting a total of eight technical professionals in areas such as Java software engineers, APP software engineers, embedded products engineers, system operations and maintenance engineers, hardware product manager, testing engineers and product managers; and (ii) leasing new software products such as software development tools and systems, and hardware equipment such as computers and servers. More specifically, we plan to invest on the following:

- upgrading our existing products and services by developing our technology platform encompassing vehicle to everything (V2X) technology which refers to technology of information exchange between

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## FUTURE PLANS AND [REDACTED]

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vehicles and the outside world and big data analytic technology. With the anticipated development of functionalities of our SaaS marketing and management services and the application of generative large-scale technologies to create new tools and marketing contents, we believe that it would be necessary to upgrade our in-vehicle hardware products to be able to seamlessly integrate with these new tools through providing timely and relevant data input. This technology platform would allow us to provide customers with more diversified capabilities and functions of our in-vehicle hardware products and better suit their specific needs and preferences. This platform will allow third-party developers to develop various functions or data applications for connected travel scenarios. As we develop and roll out new functions on our technology platform, we intend to regularly upgrade and continue to launch new versions of our in-vehicle hardware products with a view to allow customers and users to access a diversified range of our services and capabilities. Based on the upgrade of our in-vehicle hardware products, we believe we can strengthen the connectivity with our potential customers, and enhance our capability to acquire new customers, which in turn creates synergy effect to our SaaS marketing and management services.

**(4) *Enhancing the cloud-native technology in our products and services:***

Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years by enhancing the use of cloud-native technology in our products and services. The allocated amount will be mainly used for (i) recruiting a total of four technical professionals such as cloud-native engineers, testing engineers and product managers; and (ii) leasing new software products such as software development tools and systems, and hardware equipment such as computers and servers. More specifically, we plan to invest on the following:

- strengthening the application of cloud-native technology in our SaaS marketing and management services with a view to shorten the delivery time of software and respond quickly to the needs of customers and enhance efficiency. Cloud-native technology is an approach to build, deploy and manage modern applications in a cloud computing environment. It uses technologies such as containers, microservices and service grids to increase the reusability and scalability of software modules, enables the construction and management of applications in the cloud, which removes the dependency on in-vehicle hardware and allow users to achieve efficiency and flexibility of applications. It will be capable of resource allocation and expansion as needed to reduce operating costs. It will be able capable of auto recovery, fault tolerance and fault isolation and enhances the durability of applications and business stability. It will also be able to screen the underlying hardware discrepancy and simplify the workload of software and application development, operation and maintenance. We plan to upgrade our SaaS systems to undergo cloud-based transformation and upgrade for quicker product and services delivery, so as to respond to customers' needs more

## FUTURE PLANS AND [REDACTED]

quickly. Through upgrading enhancing the investment in our cloud-native technology in our products and services, we also aim to improve the reliability, security and functionality of our products and services.

(5) **Enhancing investments in cloud-based infrastructure:** Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the five years after the [REDACTED] by enhancing the investment of our SaaS-based services within cloud-based infrastructure. The allocated amount will be mainly used for (i) recruiting a total of four technical professionals such as cloud architecture engineer, database engineer, system operation and maintenance engineer; and (ii) leasing new software products such as software development tools and systems, and hardware equipment such as computers and servers. More specifically, we plan to invest on the following:

- constructing multiple public cloud infrastructures and leveraging the integration of multiple clouds, in order to protect our business from abnormal disruption arising from emergencies or attacks of a single cloud platform.

### Implementation plan to enhance our R&D capabilities

We set out below our detailed plans for our key R&D initiatives and the outcomes that we expect to derive.

R&D Focus area	Implementation steps and R&D outcomes
Developing innovative features to our SaaS marketing and management services.....	Launch our self-developed technology infrastructure (Dijia Public Domain Interconnect Platform (嘀加公域互聯平台))
	Integrates public domain leads and private domain customer data to help our 4S store customers obtain public domain traffic leads, and help stores increase the use of multi-access methods and in-vehicle smart screen terminals in addition to the traditional access methods such as text messages and phone calls.
	Building a NEV purchase and trade-in marketing service system
	Develop a marketing system providing marketing tools to participants in NEV industry to achieve rapid marketing to customers and realise the conversion of NEV purchase and trade-in.

**FUTURE PLANS AND [REDACTED]**

R&D Focus area	Implementation steps and R&D outcomes	
	Building a used car auction platform	Develop an communication platform for end consumers and used car dealers, with auction as the main form of sales and aiming to become an inclusive platform for used car buyers, sellers and brokers that allows for effective marketing and promotion by sellers and car shopping by prospective buyers.
Enhancing our algorithmic modeling capabilities .....	GPT Marketing System	The GPT Marketing System aims to establish a GPT based marketing system for the automotive industry. Leveraging GPT’s content generation technology capabilities (including Text-to-Image Generation model and GPT business training) and functions such as data feed and task automatic distribution, business scenario content library and marketing rights management, the GPT Marketing System provides automobile enterprises and stores with an efficient marketing tool to improve the digital marketing capabilities of automobile enterprises and stores, reduce the cost and time of marketing content production, and improve marketing effectiveness and user service experience.
	Collision Repair Program	Through the introduction of algorithmic modeling technology, the collision repair algorithm will be further upgraded. Combined with the automatic learning features of algorithmic modeling, the collision repair algorithm will be able to automatically identifies and filters the collision data on the server side to improve the accuracy of collision recognition and damage assessment, thereby providing 4S stores with more accurate and timely accident clues, assisting 4S stores contact car owners more accurately and in a timely manner, and improving the satisfaction of car owners and 4S stores.



**FUTURE PLANS AND [REDACTED]**

R&D Focus area	Implementation steps and R&D outcomes	
Upgrading our existing in-vehicle hardware products .....	Construction of device access platform	Develop a device access platform for OBM and solution providers to meet customers' needs for networked in-vehicle devices in a fast and low-cost manner.
	Construction of application center	Establish an application center. In addition to integrating data application services such as collision detection algorithms provided by us, the platform can also access various data application services provided by third-party developers for user in the network connection scenario.
Enhancing the cloud-native technology in our products and services .....	Cloud Native Service Transformation	Transform our existing systems by introducing The cloud native software development model, implement microservices and containerisation, and use container technologies for management and deployment to run on cloud platforms.
	Automated deployment and operation and maintenance	Use automated tools and platforms to achieve automated deployment, automated testing, and automated operation and maintenance, thereby improving efficiency and reliability. The introduction of cloud-native automation capabilities allows the R&D team to focus on the business, thereby supporting business development quickly and effectively.
	Service mesh integration	Use service mesh technology to manage communications between applications and services to improve reliability, security and scalability.  In the current microservice architecture system, microservices have a tightly coupled structure, which requires self-access service registration service discovery and routing, and the management logic at the operation and maintenance level invades the business layer.  The introduction of service mesh can effectively decouple and simplify the management and maintenance of microservices.

**FUTURE PLANS AND [REDACTED]**

R&D Focus area	Implementation steps and R&D outcomes
Enhancing investments in cloud-based infrastructure .....	Through the introduction of cloud facilities, the hardware procurement process can be shortened to increase the flexibility, stability and reliability of infrastructure selection. Cloud-based facilities can be flexibly expanded and contracted according to business needs and load conditions, with high availability and fault tolerance, and more convenient management and maintenance.
Cloud security	Through the introduction of cloud facilities, strict access control mechanisms can be adopted, including effective security audit and monitoring, real-time monitoring and alerts, so to effectively isolate risks and prevent vulnerabilities. Cloud facilities provide more comprehensive and efficient security with faster response to security risks.
Multi-clouds mechanism	Through purchasing cloud services from multiple cloud service providers, we hope to achieve the multi-cloud mechanism so as to improve the flexibility, security and safeguard data security to enhance business security capabilities.

It is the Group’s intention to roll-out in stages the different SaaS and cloud-based products and services, with new products, services and functionalities being made available to our customers through iterations and upgrades of our software and cloud infrastructure over time. As per the current implementation plan, the Group expects that the initial roll out of new functionalities will happen during the second half of 2025, with most of the R&D being completed and functionalities being rolled out before the end of 2028.

**FUTURE PLANS AND [REDACTED]**

***Our recruitment plan—enhancing our R&D capabilities***

For the above purposes, our recruitment plan and requirements in relation to our technical professional are as follows:

Technology development area	Position	Key job duties	Annual salary per head count (RMB'000)	Expected New Headcounts
Developing innovative features to our SaaS marketing and management services .....	Java Software Engineer	<ul style="list-style-type: none"> <li>Responsible for software products review, module design, database design and coding;</li> <li>Evaluating the performance and optimising the operating status of the existing system and resolving software bugs;</li> <li>Carrying out new business development, system reconstruction and long-term planning for the existing system.</li> </ul>	[REDACTED]	[3]
	Front-end software engineer	<ul style="list-style-type: none"> <li>Responsible for the development, maintenance, and optimisation of web pages;</li> <li>Providing technical support for targeted functions optimisation and web page construction and design;</li> </ul>	[REDACTED]	[3]
	Database Engineer	<ul style="list-style-type: none"> <li>Responsible for database architecture design; installation, configuration, deployment of database environment;</li> <li>Monitoring the stability and security and performance of the database including data encryption, user management, access control;</li> </ul>	[REDACTED]	[1]
	System Operation and Maintenance Engineer	<ul style="list-style-type: none"> <li>Responsible for the maintenance of business system of the production, testing environment to ensure the stable and safe operation of the business system;</li> <li>Providing technical support;</li> </ul>	[REDACTED]	[1]
	Product Manager	<ul style="list-style-type: none"> <li>Responsible for the collection and analysis of market information and data of competing products;</li> <li>Formulating the development workflow and functions of the product versions;</li> </ul>	[REDACTED]	[2]
	Test Engineer	<ul style="list-style-type: none"> <li>Formulating test plans; conducting multilevel tests and defect tracking on the programme using multiple testing methods;</li> <li>Ensuring the quality of tested system;</li> <li>Carrying out interface testing and big data testing.</li> </ul>	[REDACTED]	[2]

**FUTURE PLANS AND [REDACTED]**

Technology development area	Position	Key job duties	Annual salary per head count (RMB'000)	Expected New Headcounts
Enhancing our algorithmic modeling capabilities .....	Java Software Engineer	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Database Engineer	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Product Manager	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Test Engineer	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Algorithm Engineer	<ul style="list-style-type: none"> <li>Evaluating and optimising the performance of large models;</li> <li>Developing and maintaining the interface of the large models to ensure third-party applications can be integrated with the large model;</li> </ul>	[REDACTED]	[1]
Upgrading our existing in-vehicle hardware products .....	Automation operation and maintenance Engineer	<ul style="list-style-type: none"> <li>Deploying automated tools and technologies to plan, deploy, monitor and maintain IT infrastructure, including computers, networks, storage, databases;</li> <li>Configuring automation tools in the test, development and production environments, establishing the infrastructure and test environment, and ensuring the consistency and stability of the environments;</li> </ul>	[REDACTED]	[1]
	Java Software Engineer	<ul style="list-style-type: none"> <li>Responsible for product requirements review, module design, database design and high-quality coding work;</li> <li>Evaluating the performance and optimising the operating status of the existing system;</li> </ul>	[REDACTED]	[1]
	C++ Software Engineer	<ul style="list-style-type: none"> <li>Responsible for the overall technical architecture of big data, including data middle platform, data applications, cloud applications;</li> <li>Responsible for technology selection for big data collection, cleaning, statistics, analysis, mining, application and other related work and team recruitment;</li> <li>Partnering with product managers to plan and design data service tools, enhance the efficiency of data research and development, develop data service tools/products, empower business products, flexibly support business innovations and exploration, and unleash the value of data.</li> </ul>	[REDACTED]	[1]

**FUTURE PLANS AND [REDACTED]**

Technology development area	Position	Key job duties	Annual salary per head count (RMB'000)	Expected New Headcounts
	APP Software Engineer	<ul style="list-style-type: none"> <li>• Designing and developing Android applications that support the Internet of Things protocol, to realise functions such as device connection, control and management;</li> <li>• Taking part in project requirements analysis, programme formulation and code reviews to ensure code quality and maintainability.</li> </ul>	[REDACTED]	[1]
	Embedded Software Engineer	<ul style="list-style-type: none"> <li>• Writing software codes for the underlying drivers, operating systems, applications of embedded systems, and conducting debug and tests;</li> <li>• Conducting hardware and software integrations, testing the overall performance of the system, conducting debugging and optimisations;</li> <li>• Hardware and software maintenance: responsible for the maintenance and upgrades of hardware and software of the embedded systems, bug repairs, and enhancement of system reliability and security.</li> </ul>	[REDACTED]	[1]
	Hardware Product Manager	<ul style="list-style-type: none"> <li>• Developing and designing network hardware products;</li> <li>• Conducting project technical data analysis, confirmation of block diagram for product system, assisting the marketing and sales department to analyze the demand for hardware products, and supporting the pre-quotation of product technical solutions;</li> </ul>	[REDACTED]	[1]
	Maintenance Engineer	<ul style="list-style-type: none"> <li>• Refer to above</li> </ul>	[REDACTED]	[1]
	Test Engineer	<ul style="list-style-type: none"> <li>• Refer to above</li> </ul>	[REDACTED]	[1]
	Product manager	<ul style="list-style-type: none"> <li>• Refer to above</li> </ul>	[REDACTED]	[1]
Enhancing the cloud-native technology in our products and services .....	Cloud-native engineer	<ul style="list-style-type: none"> <li>• Responsible for designing, building and maintaining cloud-native applications, using cloud-native technologies and tools to develop, deploy and manage applications to ensure the applications run efficiently, reliably, and securely in cloud environments;</li> <li>• Designing and developing automated testing and deployment processes to ensure high quality and reliability of applications;</li> </ul>	[REDACTED]	[2]

**FUTURE PLANS AND [REDACTED]**

Technology development area	Position	Key job duties	Annual salary per head count (RMB'000)	Expected New Headcounts
Enhancing investment in cloud-based infrastructure .....	Test Engineer	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Product Engineer	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Cloud Architecture Engineer	<ul style="list-style-type: none"> <li>Leading the design, development and deployment of various business systems supporting multi-cloud architecture;</li> <li>Leading the research on major obstacles of projects and the enhancement of system performance;</li> <li>Responsible for management, appraisals and talent development and succession of R&amp;D team.</li> </ul>	[REDACTED]	[1]
	Senior Database Engineer	<ul style="list-style-type: none"> <li>Formulating database disaster recovery and disaster recovery strategies, including data backup, availability and disaster recovery drills, to ensure data security and continuity;</li> <li>Implementing corresponding plans, including data backup, disaster recovery replication, data synchronisation, remote backup, according to disaster recovery and disaster recovery strategies to ensure rapid recovery in the event of a system failure;</li> </ul>	[REDACTED]	[1]
	Automation operation and maintenance Engineer	<ul style="list-style-type: none"> <li>Refer to above</li> </ul>	[REDACTED]	[1]
	Network Engineer	<ul style="list-style-type: none"> <li>Designing a cloud computing architecture that meets business needs according to business requirements and the technical characteristics of cloud service providers.;</li> <li>Configuring cloud computing network, including communication between virtual machines, docking with public clouds, external network access;</li> <li>Researching the latest trends and application cases of cloud computing technology, and facilitating the development of cloud computing technology.</li> </ul>	[REDACTED]	[1]

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## FUTURE PLANS AND [REDACTED]

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### ***Factors that were considered in our proposed investment into strengthening our R&D capabilities***

- (1) Technological advancement and industry outlook: The automotive aftermarket industry is characterised by the rapid advancement of technology and evolving customers needs, therefore, our continual success would be contingent on our ability to keep pace with the latest technologies development in a timely manner. According to the CIC Report, with the rapid development of the NEV market and the prevalence of integrated public and private domain marketing, it is expected that the existing technology in the automotive aftermarket may not be able to meet the growing needs of customers in the near future. According to CIC, the automotive aftermarket currently faces challenges including low marketing efficiency, unable to meet customer service demands in a timely manner, and inconsistent product quality. Besides, according to CIC, with the rapid penetration of ICVs and data accumulation from vehicle usage and manufacturing, China's traditional automobile industry is evolving, giving rise to user-centric business models. This transformation involves the formation of a new industry chain centered around ICVs and the creation of various downstream market segments deriving from new maintenance and usage patterns, including software and services, aftermarket services, and travel services. This continual evolution increases the value contribution to the ICV industry, and also enhances the value and importance of downstream end-users. In China, the ICV industry exceeded RMB1.3 trillion in 2023 and is expected to reach RMB3.2 trillion in 2028, with a CAGR of 19.4%. To capitalise on the growing market opportunities, we strive to strengthen our R&D capabilities.

In view of the above industry development and demand across the ICV value chain, the application of generative large-scale models presents an opportunity for enhancement of marketing and management capability and efficiency in the automotive aftermarket sector. Specifically, by analysing client data, personalised product recommendations and promotional plans can be generated, boosting sales performance. Chatbots using natural language processing can comprehend customer requests and automate responses, greatly enhancing service efficiency. Additionally, computer vision and machine learning models enable automatic quality checks and identification of suspicious fraudulent patterns, reducing manual workload. Furthermore, generative large-scale models can enhance automotive aftermarket product performance and safety by strengthening related hardware and software offerings. For instance, the generative large-scale models tool facilitates and optimises user experience, customer service delivery, content generation, process review, and enhancing data analysis capability. It is therefore

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necessary for us to continuously deepen the adaptability of the big model and industry scenarios, and implement the new technology and new capabilities in the products and services specifications, enhance our overall technological competitiveness.

Having considered the industry outlook, our Directors believe that it would become necessary for us to invest substantially in the research and development of new technologies to upgrade our business model to maintain our core competitiveness and our leading market position. Through the application of the new technologies, we intend to increase the inter-connection between the public and private domains; improve the efficiency of marketing content creation and marketing output through leveraging on the ability of algorithmic modeling generative engines; and design new industry-specific products and services, such as appraisal, inspection and auction of used cars and replacement of new energy vehicles.

- (2) Customers demand: Our Directors believe that there is a necessity to enhance our R&D capabilities which allow us to develop innovative features to fulfill a wider range of customer demands. According to the CIC Report, in addition to private domain marketing, automotive aftermarket industry players generally have needs in public domain marketing, and marketing companies in other industries in the market are also moving towards the omni-domain marketing route combining public and private domains. According to CIC, the public domain marketing is more traditional, and there will be more companies focusing on private domain marketing which is more effective. The acquisition cost of public domain marketing is higher, and customers are more interested and more sensitive to information in private domain such as group chat and social media, which could gain interaction between customers. Therefore, the 4S dealers started to focus more on private domain marketing that could effectively increase the stickiness of customers. However, the importance of public domain marketing cannot be replaced by private domain marketing, especially for those customers who have limited knowledge in the industry. Therefore, the marketing strategy is moving towards to the omni-domain marketing route combining public and private domains.
- (3) Maintain our competitiveness: By enhancing our R&D capabilities, we expect to provide comprehensive and technological support to our customers and maintain our competitiveness in the market. According to CIC, cloud-based infrastructure and cloud native technology provide connected service providers for the automotive aftermarket with robust infrastructure and tools to support their business expansion, innovation, and deliver enhanced user experiences and value-added services. They are essential for maintaining a competitive edge in the fiercely competitive market. Currently, most connected service providers, which consider technological prowess as their core competitive advantage, are increasing their investment in cloud-native technology platforms. The leading SaaS marketing and management services providers for the automotive aftermarket industry in China in 2022 have begun



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## FUTURE PLANS AND [REDACTED]

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to use cloud-native applications. According to CIC, these companies invest substantially and over 30% of their total R&D expenditure towards cloud infrastructure and cloud-native technology. Hence, it is important for us to keep up with our competitors and upgrade and enhance our algorithmic modeling capabilities so as to maintain our competitiveness in the industry to avoid being outplayed by competitors.

- (4) Use of cloud-based infrastructure: During the Track Record Period, our services were premised on a single third-party cloud platform. According to the operational experience of our management, having considered our anticipated business expansion and the volume of data, we believe it would be costly and time-consuming for us, and may cause unnecessary risks to business continuity and data completeness, accuracy and consistency to continue to rely on the single third-party cloud platform in the future. While using the third-party cloud platform, some companies may face limitations in terms of availability and data security. For instance, third-party cloud platforms might experience performance degradation during peak hours, which could impact the availability and response time of the company's services. Additionally, these platforms have certain data privacy and security policies that could restrict the company's control over data and its ability to ensure data protection. To ensure consistent performance and safeguard any security concerns, we believe would become preferable for us to purchase multiple cloud infrastructure. Furthermore, investing in multiple cloud infrastructure would allow our Group means to ensure the stability, reliability and high performance of its services, and to meet customer demands for availability and responsiveness. Having our services being based on cloud-native technologies would, in the Directors' view, enhance our innovation and rapid development capabilities, helping our Group quickly launch new features, improve existing ones, and adapt to evolving market needs.

### 2. **Broaden our service offerings to other participants along the industry chain of the automotive industry**

We intend to allocate approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years, to broaden our service offerings and introduce our products and services to cover more business and application scenarios to other participants along the industry chain of the automotive industry. Specifically, we intend to apply the [REDACTED] for the following:

- (1) ***Increasing our penetration to 4S stores***: Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years for increasing the penetration of our products and services to more 4S stores. As at 31 December 2023, we served over 3,600 4S store customers.

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## FUTURE PLANS AND [REDACTED]

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According to CIC report, there were about 31,600 4S stores in China as at 2023, and the number of 4S stores is expected to increase to about 33,100 in 2028. Therefore, we believe that there are vast business opportunities for growth in our customer base. Our investments in expanding 4S store customers include increased investment in direct sales teams, enhanced marketing service capability and network of regional channel partners, and participation in industry exhibition and industry associations. To implement this strategy, we plan to hire 12 additional marketing staff from 2024 to 2028 to (1) cover more 4S stores and channel partners, which would broaden our sales coverage geographically, (2) improve customer satisfaction through providing more customised and attentive service, and (3) enhance the efficiency of both our direct sales force and also our channel partners through improving their product distribution, product installation and offline marketing skills. Through these initiatives, we aim to demonstrate our capabilities and advantages of our products and services to potential 4S store customers, thus bringing about a seamless and consistent transition from traditional methods of marketing to digital marketing.

We also seek to attract more 4S store customers through different channels that can enhance our brand image and competitiveness in the industry. During the Track Record Period, we have been successful in promoting our brand through online marketing, and participating in events and exhibitions organised by automobile-related industry associations. These promotional activities have enhanced the visibility of our brand and services among customers in the industry, which we believe have facilitated subsequent business opportunities. We plan to increase our participation in these activities and step-up our marketing efforts for these events through participating in forums and conferences of the automotive aftermarket industry, such as participating in exhibitions, providing sponsorship and conducting online marketing in conjunction with industry events. Through this effort, we aim to gain more opportunities and exposures to potential customers and to enter into business dealings with them.

- (2) **Expanding to insurance companies:** Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years for expanding our services to insurance companies. Globally, the penetration rate of UBI auto insurance is only 4.5% in 2020, and it is mainly widely used in Europe and the United States and other developed countries. According to CIC, the UBI auto insurance is still in its infancy in China, with the current penetration rate of less than 1%, and is expected to reach about 5% in 2028. Riding on this trend and leveraging on our industry insight and technical experience, we provide insurance companies with range of products and services for the full life-cycle of car users' insurance, covering, accurate pricing for auto-insurance, precise inspection for claims settlement, new energy vehicle battery health management and digital recovery valuation of batteries and other scenarios. In the next five years, we plan to improve further expand our services to insurance companies.

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## FUTURE PLANS AND [REDACTED]

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For this purpose, we plan to recruit, from 2024 to 2028, (i) 8 additional members to our sales team who have motor insurance industry experience for us to more effectively understand the needs of the insurance industry and to drive the sales efforts in promoting our SaaS sales and management services to insurance companies, and (ii) 10 additional operation members to our operations team, who would have operational experience within the motor insurance industry to help us address insurance companies' demand on data analysis, and allowing us to carry out precision marketing and transaction conversion.

- (3) **Expanding to automotive manufacturers:** Approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next five years for expanding our services to automotive manufacturers, which market potential currently remains untapped by us. According to the CIC Report, with the connected transformation of the automobile industry, the extension of applications and functions increases the total consumption for the users during the periods of use of vehicle. Besides traditional hardware and vehicle manufacturing, China's connected automobile industry also includes more continuous software and value-added service consumption, which will grow to be a core part of the connected automobile industry in the future. We plan to leverage our accumulated know-how and experience in serving 4S store customers to facilitate automotive manufacturers including NEV manufacturers in establishing and optimising their digital connectivity, digital marketing and data service capabilities for better and directly connected car owners. Taking into account of the industry development and latest market trends adopted by automotive OEMs, we believe that automotive OEMs are generally looking to gradually shift from one-off transactions to fee models value-added service-based and subscription-based for the duration of the periods of use of vehicle. Therefore it will become more important for these automotive OEM to reach out, activate and generate sales leads from their car buying customers. Accordingly, we plan to extend our services to automotive OEM by leveraging our accumulated expertise and experience in serving 4S stores customers to drive automobile OEM, including NEV OEM, to build and optimise their digital connectivity, digital marketing and data service capabilities for better direct connectivity to car owners. We therefore plan to target automotive OEMs by hiring approximately 11 additional marketing and operations personnel with experience in depot sales and operations from 2024 to 2028 to enhance our interactions with target automobile OEMs.

## FUTURE PLANS AND [REDACTED]

### Implementation plan to broaden our service offerings

#### *Recruitment plan—broadening our service offering*

For the above purposes, our recruitment plan and requirements in relation to our technical and marketing professionals are as follows:

Position	Qualifications (Experience and Capability)	Annual salary per head count (RMB'000)	Total additional headcount from 2024 to 2028
<i>(1) Increasing our penetration to 4S stores</i>			
Sales manager	<ul style="list-style-type: none"> <li>• Bachelor degree or above</li> <li>• Over two years of sales experience with 4S store customers</li> <li>• Responsible for the business development and maintain customer relationship with targeted 4S store customers in specific regions</li> <li>• Responsible for client liaison, business negotiation, execution and implementation of contracts</li> <li>• Responsible for product training, after-sales services and customer relationship management</li> </ul>	[REDACTED]	12
<i>(2) Expanding to insurance companies</i>			
Sales manager	<ul style="list-style-type: none"> <li>• Bachelor degree or above</li> <li>• Over three years of sales experience with insurance companies</li> <li>• Responsible for client demand identification, design products and services which integrates service scenarios of the periods of use of vehicle of car users with insurance companies</li> <li>• Responsible for business development and negotiation with insurance companies, maintain customer relationship with targeted customers</li> <li>• Responsible for designing cooperation model and business proposal based on the product and promotion channels, monitor and enhance the results of different promotion channels</li> <li>• Responsible for product launch, product pricing, external marketing packaging, after-sales services</li> </ul>	[REDACTED]	8
Operation manager	<ul style="list-style-type: none"> <li>• Bachelor degree or above</li> <li>• Over two years of sales experience with insurance companies</li> <li>• Responsible for user operation assistance and business transformation of relevant insurance-related products and services</li> <li>• Responsible for conducting user management, user needs identification, promote accurate customer acquisition and realisation, and formulate targeted promotion strategies and plans</li> <li>• Responsible for designing daily content of the digital marketing platform, and monitor the promotion effect of the platform, improve the exposure, activity and transaction volume of related products</li> <li>• Analyse business data, gain insight on user needs, provide product improvement strategies, and closely communicate with internal and external cooperation teams to optimise customer experience</li> </ul>	[REDACTED]	10

## FUTURE PLANS AND [REDACTED]

Position	Qualifications (Experience and Capability)	Annual salary per head count (RMB'000)	Total additional headcount from 2024 to 2028
<i>(3) Expanding to automotive manufacturers</i>			
Sales manager	<ul style="list-style-type: none"> <li>• Bachelor degree or above</li> <li>• Over two years of sales experience</li> <li>• Responsible for promoting the SaaS marketing and management services to automotive manufacturers</li> <li>• Responsible for designing products and services that are in line with the digital operation of car owners in the automotive network scenario</li> <li>• Responsible for supervising the delivery and subsequent operation of the products and services, providing after-sales service and customer maintenance, and continuously improving customer satisfaction</li> </ul>	[REDACTED]	5
Operation manager	<ul style="list-style-type: none"> <li>• Bachelor degree or above</li> <li>• Over two years of operational experience with automotive manufacturers customers</li> <li>• Responsible for delivering products and services to automotive manufacturers customers, and promote the use, frequency activity and depth of customer product use</li> <li>• Responsible for assisting customers in the marketing and promotion of related products to vehicle users, monitor the promotion effect, and assist customers with improved exposure, activity and transaction volume of related products</li> <li>• Responsible for providing product training to customers, analysing and providing products and services to customers' queries</li> <li>• Responsible for collecting and analysing customer needs and feedback, provide product optimisation and upgrade suggestions</li> </ul>	[REDACTED]	6

### 3. Seek potential strategic investment and collaboration opportunities

We intend to allocate approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED] over the next three years, will be used to seek potential strategic acquisition and investment opportunities that can supplement or enhance our existing business. Specifically, we expect to acquire minority interests in or collaborate with the upstream and downstream of the industry such as acquiring minority interest of advanced vehicle hardware manufacturers, or seeking collaboration opportunities with 4S stores group or automotive manufactures, with an aim to expand our service offerings, sales channels, development of new products and/or co-investment, while enhancing the stability of our hardware and service supply and lowering procurement costs.

**(1) Advanced vehicle hardware manufacturers:** Our estimated selection criteria for the investment of advanced vehicle hardware manufacturers include (i) having an operating history of not less than five years; (ii) achieving

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## FUTURE PLANS AND [REDACTED]

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an annual revenue of at least an average of RMB30.0 million over the last three financial years; (iii) having an established presence and headquartered in South China; (iv) having a strong product design and production capabilities in a particular automotive product category complementary to our services. Through the minority investment, we expect to enhance our hardware supply, explore business opportunities in development of new products, lower our procurement costs and realise the investment gain through distribution of dividends.

- (2) **4S stores group:** Our estimated selection criteria for the 4S stores group include (i) having an operating history of not less than five years; (ii) achieving the ranking of top 20 to top 80 among the top 100 automotive aftermarket stores; and (iii) operating of at least ten 4S stores within Central and Eastern regions of China. Through the strategic collaboration, we expect to increase the Group's revenue streams and realise the investment gain through distribution of dividends.
- (3) **Automotive manufacturers:** Our estimated selection criteria for the automotive manufacturers include (i) having an operating history of not less than five years and (ii) achieving annual sales volume of not less than 100,000 units of new vehicles, with headquarters in Central and Eastern regions of China. Through the strategic collaboration, we expect to explore business opportunities in development of new services (such as member benefit services to improve the stickiness of their car users, and also auto decoration products and services after new vehicle sales), increase the Group's revenue streams and realise the investment gain through profit sharing in such investments and distribution of dividends.

### **Selection criteria**

- Operating history: Our targets should have an operating history of not less than five years. We believe that the operating history threshold could show that the target company has accumulated sufficient business operational experience, marketing capability and industry insight in the connected vehicle hardware market. We will also take into account of the product/service portfolio offered by the target companies, the experience and skills of the management team, operation scale to assess its compatibility with our Group, its scalability and potential for future growth.
- Performance indicator: Our targets should have (i) financial or operational achievement of not less than an average of RMB30 million for connected vehicle hardware manufacturers; or (ii) have achieved the ranking of top 20 to 80 among the top 100 automotive aftermarket stores and operating at least ten 4S stores within Central and Eastern regions of China for 4S store group; or (iii) have an annual sales volume requirement for automotive manufacturers.

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## FUTURE PLANS AND [REDACTED]

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We believe through having these selection criteria, we would be selecting potential strategic investment targets that have accumulated substantial business resources, such as sales channel resources and which we believe would create synergy with our existing service offerings, thereby facilitating our business growth in terms of our customer base of both sales of in-vehicle hardware products and the provision of SaaS marketing and management services. As such, we believe we would be able to lay a solid foundation for us to leverage on the business resources of the potential strategic investment target to explore more business opportunities for our existing service offerings.

- Geographical location: As regards to connected vehicle hardware manufacturers and automotive manufacturers, we prioritise target company whose headquarters which are located in South China and Central and Eastern Regions, particularly in the Pearl River Delta region within the Guangdong Province. On the one hand, South China is a mature region for the development of automotive-related industries in China, with strong industrial supporting resources and consumption capacity, which we believe would be conducive to a more convenient and efficient selection of potential investment targets for us. On the other hand, our own operational headquarters is located in Shenzhen, Guangdong Province, and the geographic proximity with location of the potential strategic investment target in South China will help strengthen our strategic cooperation and business synergy with it, reduces communication costs and enhance communication efficiency.
- Technological capability: As regards to connected vehicle hardware manufacturers, we prioritise target companies that have strong product design and production capabilities. On the one hand, according to the CIC Report, since COVID-19, vehicle owners have placed greater emphasis on the convenience and safety-related functions of smart in-vehicle hardware products and have become inclined to embrace sales of in-vehicle hardware products. The COVID-19 has led car owners to place greater emphasis on products and services that provide convenience and safety-related functions and products, such as center stack display, smart car GPS navigations and dash cameras. Specifically, contactless control features like voice command and gesture recognition are more valued, as they reduce virus transmission risks. This results in an increase in the penetration rate of Internet-connected in-vehicle hardware products for the automotive aftermarket industry. In order to respond to the changing needs of vehicle owners in the automotive aftermarket industry, we need to react quickly to design products and services to meet market demands and accelerate the speed of product launches. On the other hand, we have advantages in software development, network traffic and application services for smart hardware, which, when combined with the product design and production capacity of the potential strategic investment target, can create strong synergies and help accelerate the progress of product development and realise sales.

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## FUTURE PLANS AND [REDACTED]

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- Planned investment format: To be prudent, we currently consider we will make minority equity investment in connected vehicle hardware manufacturers; and explore collaboration opportunities with 4S store groups and automotive manufacturers when an appropriate opportunity arises. Specifically, we are seeking collaboration opportunities with 4S store groups and automotive manufacturers, through setting up joint venture companies with them when an appropriate opportunity arises. In determining whether to set up the joint venture companies and the investment format, our Director would consider, among other factors, (i) the background of the joint venture partner, including the corporate background, competitive advantages, business resources, target customer groups; and (ii) potential business opportunities and operational experience accumulated by the Group and the joint venture partner in order to increase the revenue stream of the Group. We believe the intended collaboration opportunities with 4S store groups and automotive manufacturers will be beneficial to us in the following ways:
  - (i) *Consolidate and share business resources, leading to business growth*: Our Directors believe that, by setting up joint venture companies with the joint venture partners (who are presumably the 4S store groups and automotive manufacturers), each of our Group and the joint venture partners is expected to enjoy the shared business resources of each other, such as customers and suppliers network, established sales channels, operating expertise, technology and talents. Being able to access to and leverage on the combined business resources, we believe our joint venture companies and our business could grow at a faster pace.
  - (ii) *Create a platform for long-term business relationship and expand our service offerings*: We believe that by setting up joint venture companies, it would enable the creation of better platforms that allow us to explore business opportunities in development of new service offerings. With the support of our joint venture partners' shared business resources mentioned above, we believe we are able to deepen the scope and depth of our service offerings, and continue to introduce more innovative business lines. For example, we expect to expand the member benefit services and value-added services such as auto decoration products and services after new vehicle sales. Furthermore, by establishing the joint venture companies, it signifies the long-term business strategy of our Group to conduct business with our joint venture partner, which is crucial to the success and future growth of our business.
  - (iii) *Increase revenue stream*: We believe that this investment format through setting up joint venture companies would facilitate the growth of our business and thereby increasing our overall revenue stream. On the basis of the continuous expansion business scale and revenue of the joint venture companies, we also expect to realise the investment gain through distribution of dividends.



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## FUTURE PLANS AND [REDACTED]

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- Availability of target companies: The Board takes the view that as the Latest Practicable Date, there are a number of strategic partners and acquisition targets in the first and second tier cities in the PRC which meet the above criteria, as outlined in the CIC Report, which indicates the availability of approximately 50 to 100 advanced vehicle hardware manufacturers, 4S store groups, and automotive manufacturers in these cities that would align with our acquisition selection criteria.

### ***Expected business and financial impact of the potential strategic investment and collaboration opportunities***

From a business operational perspective, given that the targets shall be in the same industry that we are operating, and based on our selection criteria set out above, we will seek to identify targets with established operating experience, financial or operational achievement, and strong product capabilities, we do not expect that there will be major disruptions in or impact on our business operations upon completion of the investment or potential collaboration.

From a financial perspective, upon the completion of the potential strategic investment and collaboration opportunities, depending on the size and business focus of the actual target we invest in, we expect that the acquisition will contribute to our financial performance positively given that the target to be acquired is expected to possess sound financial condition with revenue and profit at the time of our investment.

### ***Expected benefits and synergies of the potential strategic investment and collaboration opportunities***

We believe strategic investment and collaboration opportunities may be an efficient way for us to reach out to business resources in the industry, compared with solely relying on enhancing our in-house R&D capability. In selecting and assessing potential acquisition opportunities, we will consider synergies between the target and our existing operations and development strategies (such as the financial or operational achievement and compatibility of the products/services offered by the potential target, and their operating history), the expected contribution to our future business growth. We expect our target companies could complement our existing products and services, enhance our core competitiveness and supplement our strategic business development plan. We also expect the target companies could assist us expand our smart hardware product category and enhance the revenue from our existing service offerings. Besides, we may also realise investment gain through dividend distribution from the target companies.

As at the Latest Practicable Date, we have not identified any potential target for strategic investment or collaboration opportunities. We may utilise our internal resources to subsidise for the shortfall of the investment opportunity.

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## FUTURE PLANS AND [REDACTED]

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### 4. Working capital and general corporate purposes

We intend to allocate approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], for working capital and general corporate purposes.

#### Range of [REDACTED]

In the event that the [REDACTED] is set at the high end or the low end of the indicative [REDACTED] range, the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million, without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme. Under such circumstances, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro-rata basis.

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will only deposit such funds in short term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or other applicable laws and regulations in other jurisdictions).

We will issue announcements, where required, if there is any material change in the use of [REDACTED] mentioned above.

### BASES AND ASSUMPTIONS

The future plans set out by our Directors are based on the following bases and assumptions:

- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the future plans relate;
- there will be no material changes in existing laws, rules and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no change in the funding requirement for each of the near term future plan described in this document from the amount as estimated by our Directors;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;

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## FUTURE PLANS AND [REDACTED]

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- there will be no disasters, natural, political or otherwise, which would materially disrupt the business or operations of our Group;
- there will be no change in the effectiveness of the qualifications and licences obtained by our Group; and
- we will not be materially affected by the risk factors as set out in the section headed “Risk Factors” of this document.

Based on information current available to our Company, as at the Latest Practicable Date, our Company expects that the implementation of our business strategies such as enhancing our R&D capabilities and also hiring additional talents for us to broaden our service offerings, increasing our marketing efforts and expanding customer base would increase our expenses including but not limited to our distribution and selling expenses, administrative expenses and research and development expenses. These expenses may therefore negatively affect our profit margins, and our Directors and senior management will invest additional time into managing the implementation of our strategic plans. Given the intense competition in the automotive aftermarket industry, we may be compelled to offer competitive remuneration package to maintain a steady workforce and quality services. Save for the above, and subject to the risk factors as set out in this document and the bases and assumptions in this section, the Directors currently does not expect there would be material adverse effects on our Group’s operational cash flows, net profit margin or risk profile.

### REASONS FOR THE [REDACTED]

We intend to raise funds by the [REDACTED] in order to facilitate the implementation of our business strategies which we regard it as our Group’s long-term development. Our Directors are of the view that our aforementioned expansion plan as described in this document is feasible as there is sufficient demand for our products and services to support our expansion of our business. We are also seeking a [REDACTED] for the following reasons:

- ***Growing demand for SaaS marketing and management services in China:*** According to the CIC Report, the total revenue of connected services for the automotive aftermarket industry in China increased from RMB7.5 billion in 2019 to RMB12.2 billion in 2023 at a CAGR of 12.7%, and is expected to increase to RMB29.4 billion by 2028, with a CAGR of 19.3% from 2023 to 2028. The total revenue of sales of in-vehicle hardware products and SaaS marketing and management services for the automotive aftermarket in China reached RMB6.7 billion and RMB5.5 billion respectively in 2023; and the market sizes for these types of services are expected to increase to RMB7.4 billion and RMB22.0 billion at a CAGR of 2.2% and 31.9% from 2023 to 2028, respectively, according to the CIC Report. In view of the rapid development in the industry, we believe our in-vehicle hardware products and our SaaS

## FUTURE PLANS AND [REDACTED]

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marketing and management services position us at a competitive edge to benefit from the ample and continuously emerging commercialisation opportunities in the automotive aftermarket industry.

- **Long-term fund raising platform:** Apart from continuously using our internal resources and bank borrowings, we will also enjoy more flexibility and gain access to a variety of fund raising avenues, including the issuance of equity and debt securities, to fund our medium to long-term development as and when necessary.
- **Strengthening the competitiveness of our Group:** The [REDACTED] status can elevate our corporate image and status and provide reassurance and confidence to our customers and suppliers, which in turn provides a stronger bargaining position when exploring new business opportunities with our customers and suppliers, which we believe would be beneficial to our overall business growth.
- **Maximise Shareholders' interest:** The [REDACTED] will broaden our Shareholder base and enhance the liquidity of the Shares, as compared to the limited liquidity of the Shares that are privately held before the [REDACTED]. Hence, the [REDACTED] will enlarge and diversity our Shareholder base.

Accordingly, our Directors are of the view that it is necessary and appropriate for our Company to apply for a [REDACTED] to fulfill our business plans and future growth.

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*The following is the text of a report set out on pages [I-1] to [I-65] received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*



**ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GL-CARLINK TECHNOLOGY HOLDING LIMITED AND CCB INTERNATIONAL CAPITAL LIMITED**

**Introduction**

We report on the historical financial information of GL-Carlink Technology Holding Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-3] to [I-65], which comprises the consolidated statements of financial position of the Group as at 31 December 2021, 2022 and 2023, the statements of financial position of the Company as at 31 December 2022 and 2023, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2023 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-3] to [I-65] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

**Directors’ responsibility for the Historical Financial Information**

The directors of the Company (the “Directors”) are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**Reporting accountants’ responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control

## APPENDIX I

## ACCOUNTANTS' REPORT

relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2021, 2022 and 2023, of the Company's financial position as at 31 December 2022 and 2023 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

### **Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up And Miscellaneous Provisions) Ordinance**

### ***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

### ***Dividends***

We refer to Note 15 to the Historical Financial Information which states that no dividend was declared or paid by the entities comprising the Group during the Track Record Period or by the Company since its incorporation except for a final dividend of RMB2,700,000 was declared by an entity comprising the Group to the non-controlling shareholders during the year ended 31 December 2021 and was paid during the year ended 31 December 2022.

**[Deloitte Touche Tohmatsu]**

*Certified Public Accountants*

Hong Kong

[●]

**HISTORICAL FINANCIAL INFORMATION OF THE GROUP**

**Preparation of the Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants’ report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (the “IASB”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

The Historical Financial Information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.



**APPENDIX I**

**ACCOUNTANTS’ REPORT**

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

	Notes	Year ended 31 December		
		2021	2022	2023
		RMB'000	RMB'000	RMB'000
Revenue . . . . .	6	326,774	413,860	560,569
Cost of sales . . . . .		(232,093)	(240,671)	(308,791)
Gross profit . . . . .		94,681	173,189	251,778
Other income . . . . .	7	15,000	9,675	9,737
Other gains and losses . . . . .	8	260	8,164	9,714
Impairment losses recognised under expected credit loss model (“ECL”), net of reversal . . . . .	9	(74)	(521)	(1,554)
Distribution and selling expenses . . . . .		(31,807)	(91,280)	(159,126)
Administrative expenses . . . . .		(17,348)	(18,367)	(21,203)
Research and development expenditure . . . . .		(16,803)	(16,999)	(18,074)
Share of results of associates . . . . .		(57)	–	174
[REDACTED] . . . . .		[REDACTED]	[REDACTED]	[REDACTED]
Finance costs . . . . .	10	(1,930)	(1,637)	(2,283)
Profit before taxation . . . . .		40,364	53,023	58,968
Income tax expense . . . . .	11	(5,291)	(5,606)	(7,426)
Profit for the year . . . . .	12	<u>35,073</u>	<u>47,417</u>	<u>51,542</u>
Other comprehensive income for the year . . . . .				
<i>Item that will not be reclassified to profit or loss:</i>				
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”) . . . . .		(11,156)	(5,169)	(1,801)
Total comprehensive income for the year . . . . .		<u>23,917</u>	<u>42,248</u>	<u>49,741</u>
Profit for the year attributable to:				
Owners of the Company . . . . .		31,831	44,145	51,129
Non-controlling interests . . . . .		3,242	3,272	413
		<u>35,073</u>	<u>47,417</u>	<u>51,542</u>
Total comprehensive income for the year attributable to:				
Owners of the Company . . . . .		21,167	39,204	49,328
Non-controlling interests . . . . .		2,750	3,044	413
		<u>23,917</u>	<u>42,248</u>	<u>49,741</u>
Basic earnings per share (RMB) . . . . .	14	<u>[0.11]</u>	<u>[0.15]</u>	<u>[0.17]</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Notes	As at 31 December		
		2021	2022	2023
		RMB’000	RMB’000	RMB’000
<b>Non-current Assets</b>				
Property, plant and equipment . . . . .	16	11,089	11,294	7,319
Right-of-use assets . . . . .	17	2,380	4,243	2,602
Intangible assets . . . . .	18	10,575	16,763	25,359
Interest in associates . . . . .	19	303	–	9,324
Equity instruments at FVTOCI . . . . .	20	14,722	9,553	7,752
Financial assets at fair value through profit or loss (“FVTPL”) . . . . .	26	–	234	91
Deferred tax assets . . . . .	21	6,059	4,700	2,923
Contract costs . . . . .	22	18,699	10,497	8,715
Deposits and prepayments . . . . .	25	2,025	103	–
Time deposits with maturity over three months . . . . .	27	110,000	–	–
Restricted bank deposits . . . . .	27	20,400	22,300	–
		<u>196,252</u>	<u>79,687</u>	<u>64,085</u>
<b>Current Assets</b>				
Contract costs . . . . .	22	24,967	17,097	13,062
Inventories . . . . .	23	11,784	14,753	9,995
Trade and other receivables . . . . .	24	71,625	92,380	97,833
Deposits and prepayments . . . . .	25	25,050	33,044	35,926
Financial assets at FVTPL . . . . .	26	130,380	138,546	158,326
Tax recoverable . . . . .		291	37	1,555
Time deposits with maturity over three months . . . . .	27	2,354	20,482	–
Restricted bank deposits . . . . .	27	10,650	27,710	27,846
Cash and cash equivalents . . . . .	27	45,164	138,241	157,223
		<u>322,265</u>	<u>482,290</u>	<u>501,766</u>
<b>Current Liabilities</b>				
Trade and other payables . . . . .	28	54,205	89,892	69,502
Lease liabilities . . . . .	29	1,813	2,347	2,314
Borrowings . . . . .	30	38,223	35,542	43,417
Contract liabilities . . . . .	31	111,658	95,435	58,975
Tax payable . . . . .		160	2,130	1,323
		<u>206,059</u>	<u>225,346</u>	<u>175,531</u>
<b>Net Current Assets</b> . . . . .		<u>116,206</u>	<u>256,944</u>	<u>326,235</u>
<b>Total Assets less Current Liabilities</b> . . . . .		<u>312,458</u>	<u>336,631</u>	<u>390,320</u>

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

	<i>Notes</i>	<b>As at 31 December</b>		
		<b>2021</b>	<b>2022</b>	<b>2023</b>
		<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>
<b>Non-current Liabilities</b>				
Lease liabilities . . . . .	29	662	2,038	436
Contract liabilities . . . . .	31	34,620	20,914	21,884
Deferred income . . . . .		186	147	108
Deferred tax liabilities . . . . .	21	75	2,120	2,578
		<u>35,543</u>	<u>25,219</u>	<u>25,006</u>
<b>Net Assets</b> . . . . .		<u>276,915</u>	<u>311,412</u>	<u>365,314</u>
<b>Capital and Reserves</b>				
Share capital . . . . .	32	60,000	60,000	42
Reserves . . . . .		<u>213,170</u>	<u>246,732</u>	<u>365,370</u>
Equity attributable to owners of the				
Company . . . . .		273,170	306,732	365,412
Non-controlling interests . . . . .		3,745	4,680	(98)
<b>Total Equity</b> . . . . .		<u>276,915</u>	<u>311,412</u>	<u>365,314</u>

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**ACCOUNTANTS’ REPORT**

**STATEMENTS OF FINANCIAL POSITION OF THE COMPANY**

	<i>Notes</i>	<b>As at 31 December</b>	
		<b>2022</b>	<b>2023</b>
		<b>RMB’000</b>	<b>RMB’000</b>
<b>Non-current Assets</b>			
Investment in a subsidiary . . . . .	38(a)	–*	245,451
Amounts due from shareholders. . . . .		–*	–*
		–*	245,451
<b>Current Asset</b>			
Deposits and prepayments . . . . .	25	–	4,795
<b>Current Liabilities</b>			
Trade and other payables . . . . .	28	–*	3,167
Amounts due to subsidiaries. . . . .	38(b)	–	8,985
		–*	12,152
Net Current Liabilities . . . . .		–*	(7,357)
<b>Net Assets</b> . . . . .		–*	238,094
<b>Capital and Reserves</b>			
Share capital . . . . .	32	–*	42
Reserves . . . . .	38(c)	–	238,052
<b>Total Equity</b> . . . . .		–*	238,094

\* Amount less than RMB1,000

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital reserve		FVTOCI reserve	Statutory reserves	Retained earnings	Non-controlling interests		Total	
			(Note a)	(Note b)				(Note c)	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	
At 1 January 2021	60,000	-	186,408	-	(3,940)	252	9,283	3,255	252,003	3,255	255,258
Profit for the year	-	-	-	-	-	-	31,831	3,242	31,831	3,242	35,073
Other comprehensive income - fair value loss	-	-	-	-	(10,664)	-	-	(492)	(10,664)	(492)	(11,156)
Profit and total comprehensive income	-	-	-	-	(10,664)	-	31,831	2,750	21,167	2,750	23,917
Capital injection by a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	440	-	440	440
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(2,700)	-	(2,700)	(2,700)
Appropriation of statutory reserve funds	-	-	-	-	-	2,581	(2,581)	-	-	-	-
At 31 December 2021	60,000	-	186,408	-	(14,604)	2,833	38,533	3,745	273,170	3,745	276,915
Profit for the year	-	-	-	-	-	-	44,145	3,272	44,145	3,272	47,417
Other comprehensive income - fair value loss	-	-	-	-	(4,941)	-	-	(228)	(4,941)	(228)	(5,169)
Profit and total comprehensive income	-	-	-	-	(4,941)	-	44,145	3,044	39,204	3,044	42,248
Capital injection by a shareholder	-	-	-	480	-	-	-	-	480	-	480
Capital injection by a non-controlling interest of a subsidiary	-	-	-	-	-	-	-	2,160	-	2,160	2,160
Appropriation of statutory reserve funds	-	-	-	-	-	5,836	(5,836)	-	-	-	-
Acquisition of non-controlling interest of a subsidiary (Note d)	-	-	-	(6,122)	-	-	-	(4,269)	(6,122)	(4,269)	(10,391)
At 31 December 2022	60,000	-	186,408	(5,642)	(19,545)	8,669	76,842	4,680	306,732	4,680	311,412
Profit for the year	-	-	-	-	-	-	51,129	413	51,129	413	51,542
Other comprehensive income - fair value loss	-	-	-	-	(1,801)	-	-	-	(1,801)	-	(1,801)

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ACCOUNTANTS’ REPORT

	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital reserve		Other reserve	FVTOCI reserve	Statutory reserves		Retained earnings	Non-controlling interests		
			RMB'000	RMB'000			RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
Profit and total comprehensive income	—	—	—	—	—	(1,801)	—	—	51,129	49,328	413	49,741
Capital reduction (Note e)	(28,896)	—	(186,408)	—	—	(902)	—	—	(19,402)	(235,608)	(5,191)	(240,799)
Reduction of interest from a shareholder (Note f)	—	—	—	—	(491)	—	—	—	—	(491)	—	(491)
Issuance of shares of the Company pursuant to the Group Reorganisation (as defined in Note 2)	—	—	—	—	—	—	—	—	—	—	—	—
Effect of Group Reorganisation (Note g)	42	245,409	—	—	—	—	—	—	—	245,451	—	245,451
Appropriation of statutory reserve funds	(31,104)	—	—	—	31,104	—	—	7,104	—	—	—	—
At 31 December 2023	42	245,409	—	—	24,971	(22,248)	15,773	101,465	365,412	(98)	365,314	

Notes:

- (a) It represents the amount received by Shenzhen Guanglian Saixun Company Limited (深圳廣聯賽訊股份有限公司) (“Guanglian Saixun”) from investors exceeding its share in the registered capital of Guanglian Saixun.
- (b) It mainly represents (i) the difference between consideration and ownership interests in equity transactions, and (ii) the difference between the nominal value of share capital issued by the Company and the capital of Guanglian Saixun acquired in connection with the Group Reorganisation.
- (c) It represents the statutory reserve of certain entities comprising the Group in the People’s Republic of China (the “PRC”). Pursuant to applicable PRC regulations, the PRC entities comprising the Group is required to appropriate 10% of its profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of its registered capital. Transfers to this reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the paid-up capital of the entities comprising the Group.
- (d) In December 2022, Shenzhen Guanglian Shuke Technology Company Limited (深圳廣聯數科科技有限公司) (“Guanglian Shuke”) acquired 27% of the registered capital of Tianjin Chejia Internet of Things Technology Company Limited (天津車家物聯網科技有限公司) (“Tianjin Chejia”) (formerly known as Tianjin Gujiao Internet of Things Technology Co., Limited (天津軌交物聯網科技有限公司) and renamed on 6 January 2021) at a consideration of RMB10,391,000.
- (e) During the year ended 31 December 2023, the shareholders of Guanglian Saixun reduced the share capital of Guanglian Saixun from RMB60,000,000 to RMB31,104,000 to facilitate the Group Reorganisation as detailed in Note 2 to the Historical Financial Information. In addition upon the completion of the capital reduction, Xinjiang Hongsheng Kaiyuan Equity Investment Partnership (Limited Partnership) (新疆宏盛開源股權投資合夥企業(有限合夥)) (“Hongsheng Investment”), a shareholder of Guanglian Saixun, ceased to hold any interest in the Group, and the difference between its equity interest in Guanglian Saixun and the consideration paid by Guanglian Saixun was recognised directly in equity and attributed to owners of the Company.
- (f) On 24 March 2023, 0.3866% equity interest in Guanglian Shuke was acquired from a shareholder as part of the Group Reorganisation as detailed in Note 2 to the Historical Financial Information.
- (g) Upon the completion of the Group Reorganisation, the Company became the holding company of the Group since then. The difference between the capital of Guanglian Saixun acquired in connection with the Group Reorganisation and the nominal value of share capital issued by the Company is accounted for as other reserve under merger basis of accounting.

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**ACCOUNTANTS’ REPORT**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>OPERATING ACTIVITIES</b>			
Profit before taxation . . . . .	40,364	53,023	58,968
Adjustments for:			
Finance costs . . . . .	1,930	1,637	2,283
Interest income . . . . .	(5,977)	(3,883)	(2,675)
Share of results of associates . . . . .	57	–	(174)
Depreciation of property, plant and equipment . . . . .	2,832	4,977	5,235
Depreciation of right-of-use assets . . . . .	2,116	2,413	2,800
Amortisation of intangible assets . . . . .	1,976	3,458	5,821
Impairment losses recognised under ECL, net of reversal . . . . .	74	521	1,554
Loss on disposal of property, plant and equipment . . . . .	61	205	132
Gain on fair value changes of financial assets at FVTPL . . . . .	(321)	(8,495)	(9,637)
Exchange gain . . . . .	–	–	(209)
Loss on disposal of interest in an associate . .	–	126	–
Amortisation of government grants related to assets . . . . .	(40)	(39)	(39)
Operating cash flows before movements in working capital . . . . .	43,072	53,943	64,059
(Increase)/decrease in inventories . . . . .	(1,128)	(2,969)	4,758
Decrease/(increase) in trade and other receivables . . . . .	50,473	(21,276)	(7,007)
Decrease/(increase) in deposits and prepayments . . . . .	11,719	(4,335)	(598)
Decrease in contract costs . . . . .	16,355	16,072	5,817
(Decrease)/increase in trade and other payables . . . . .	(17,627)	37,711	(20,069)
Decrease in contract liabilities . . . . .	(14,810)	(29,929)	(35,490)
(Increase)/decrease in restricted bank deposits . . . . .	(28,750)	(18,960)	22,164
Cash generated from operations . . . . .	59,304	30,257	33,634
Income tax (paid)/refund . . . . .	(1,713)	22	(7,516)
Net cash from operating activities . . . . .	57,591	30,279	26,118

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**ACCOUNTANTS’ REPORT**

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>INVESTING ACTIVITIES</b>			
Placement of time deposits with maturity over three months . . . . .	(91,100)	(89,442)	(34,100)
Purchases of intangible assets . . . . .	(3,493)	(9,646)	(14,417)
Purchases of property, plant and equipment . .	(7,992)	(5,570)	(1,568)
Purchase of financial assets at FVTPL . . . . .	(130,000)	–	(100,000)
Withdrawal of time deposits with maturity over three months . . . . .	188,650	179,442	54,100
Interests received . . . . .	7,564	6,027	3,157
Proceeds on disposal of FVTPL . . . . .	–	–	90,000
Proceeds on disposal of property, plant and equipment . . . . .	2	183	176
Investments in associates . . . . .	(360)	–	(9,150)
Net cash (used in)/from investing activities . . .	(36,729)	80,994	(11,802)
<b>FINANCING ACTIVITIES</b>			
New borrowings raised . . . . .	60,000	37,000	46,900
Capital injection by a shareholder and non-controlling interest of subsidiaries . . . . .	440	2,640	–
Payments on capital reduction . . . . .	–	–	(240,799)
Acquisition of partial interest in a subsidiary from a shareholder . . . . .	–	–	(491)
Issue of shares of the Company . . . . .	–	–	245,451
Repayments of borrowings . . . . .	(49,000)	(39,700)	(39,039)
Repayments of lease liabilities . . . . .	(2,396)	(2,467)	(2,794)
Interest paid . . . . .	(2,071)	(1,517)	(2,269)
Dividend paid to a non-controlling shareholder . . . . .	–	(2,700)	–
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Acquisition of non-controlling interest of a subsidiary . . . . .	–	(10,391)	–
Net cash from/(used in) financing activities . . .	6,276	(18,196)	4,681
Net increase in cash and cash equivalents . . .	27,138	93,077	18,997
Cash and cash equivalents at beginning of the year . . . . .	18,026	45,164	138,241
Effects of foreign exchange rate changes . . . .	–	–	(15)
Cash and cash equivalents at end of the year . . . . .	45,164	138,241	157,223



**NOTES TO THE HISTORICAL FINANCIAL INFORMATION**

**1. GENERAL INFORMATION**

The Company was incorporated and registered in the Cayman Islands on 12 January 2022 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The respective addresses of the registered office and the principal place of business of the Company are stated in the section headed “Corporate Information” of the Document. The Company is an investment holding company. The principal activities of the Group are providing automotive related products and services.

The Directors considered Mr. Zhu Lei and Mr. Zhu Hui to be its ultimate controlling shareholders (the “Ultimate Controlling Shareholders”) before and after the Group Reorganisation as defined below. Mr. Zhu Lei and Mr. Zhu Hui are acting in concert with each other. Pursuant to the Acting in Concert Confirmation, Mr. Zhu Hui and Mr. Zhu Lei agreed to vote in concert for all operational and financial matters at shareholders’ meetings of the Company.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

No statutory audited financial statements were issued by the Company since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

**2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION**

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs issued by the IASB and conventions applicable for group reorganisation.

In preparation for initial [REDACTED] of shares of the Company on the Stock Exchange, the entities comprising the Group underwent a group reorganisation as described below, pursuant to which the Company became the holding company and [REDACTED] vehicle of the Group.

**Group Reorganisation**

Prior to the incorporation of the Company and the completion of the Group Reorganisation of which details are set out in the section headed “History, Reorganisation and Corporate Structure” of the Document (the “Group Reorganisation”), the main operating activities of the Group were carried out by Guanglian Saixun and its subsidiaries, which were established in the PRC (collectively, the “Consolidated Affiliated Entities”).

In preparation of the [REDACTED] of the Company’s shares on the Stock Exchange, the entities now comprising the Group underwent the Group Reorganisation involving incorporation of offshore holding companies, establishment of wholly foreign owned enterprises, transferring equity interests of the relevant Consolidated Affiliated Entities involving the Guanglian Saixun’s shareholders and entering into contractual arrangements to enable the Company to become the holding company of the Group which involves the following principal steps:

- (1) On 12 January 2022, the Company was incorporated in the Cayman Islands as the [REDACTED] vehicle with an authorised share capital of US Dollars (USD) 50,000 divided into 500,000,000 shares with a par value of USD0.0001 each.

On the same date, one share of the Company was allotted and issued to the initial subscriber who is an independent third party, and was subsequently transferred to Future expectations Inc. (“Future Expectations”, which is wholly owned by Mr. Zhu Lei). The Company further allotted and issued one share of the Company to each of Future tendency Inc. (“Future Tendency”), Visionary Leader Inc. (“Visionary Leader”), Intelligent Leader Inc. (“Intelligent Leader”) (together with Future Expectations as the “Founder BVIs”) and Rongying Future Inc. (“Rongying BVI”) which were wholly owned by other Guanglian Saixun’s shareholders on the same date, respectively.

Immediately following the above subscription and allotment, Founder BVIs and Rongying BVI each held 20.00% of the Company’s then issued shares.

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- (2) On 30 March 2022, Guanglian Shuke, a subsidiary of Guanglian Saixun, acquired the entire registered capital of Shenzhen City Dijia Smart Cloud Service Company Limited (深圳市嘀加智慧雲服務有限公司) (“Dijia Smart Cloud”) from Guanglian Saixun at a consideration of approximately RMB4,296,000. Upon completion of the acquisition, Dijia Smart Cloud became a wholly-owned subsidiary of Guanglian Shuke.
- (3) On 28 March 2022, Guanglian Shuke acquired 73% of the registered capital of Tianjin Chejia that was held by Guanglian Saixun at a consideration of approximately RMB2,203,000. Upon completion of the acquisition, Tianjin Chejia became a non-wholly owned subsidiary of Guanglian Shuke.
- (4) On 11 April 2022, the registered capital of Guanglian Shuke was increased by RMB387,000 representing approximately 3.0% of the entire registered capital of Guanglian Shuke, all of which were subscribed for by Cova Investment Holdings Limited (“Cova Investment”), an independent third-party investor, at a subscription price of RMB480,000. Upon its completion in July 2022, Guanglian Shuke was converted into a sino-foreign joint venture owned as to approximately 97.0% by Guanglian Saixun and approximately 3.0% by Cova Investment.
- (5) On 28 April 2022, the registered capital of Guanglian Shuke was further increased by RMB87,113,000, all of which were subscribed for by Guanglian Saixun at a subscription price of RMB110,000,000 and this capital contribution was paid through offsetting the shareholder’s loan owed by Guanglian Shuke to Guanglian Saixun. Immediately after completion of the said capital increase, the registered capital of Guanglian Shuke became RMB100,000,000, of which Guanglian Saixun held approximately 99.6134% and Cova Investment held approximately 0.3866%.
- (6) On 6 May 2022, Carlink Hong Kong Limited (“Carlink HK”), an indirectly wholly-owned subsidiary of the Company, signed share purchase agreement to acquire 99.6134% and 0.3866% equity interest in Guanglian Shuke from Guanglian Saixun and Cova Investment at a consideration of RMB126,548,000 and RMB491,000, respectively. According to the agreement, power and proportionate voting rights would be transferred to Carlink HK after the settlement of the consideration.

The consideration for the above transactions was fully settled on 24 March 2023. Immediately after such transfer, Guanglian Shuke became a wholly-owned subsidiary of Carlink HK and an indirectly wholly-owned subsidiary of the Company on that date. On 12 May 2023, Cova Investment subscribed for 0.99% interest in the Company as part of the Group Reorganisation and became a shareholder of the Company.

- (7) On 1 June 2022, the shareholders of Guanglian Saixun resolved to reduce the registered capital of Guanglian Saixun from RMB60,000,000 to RMB31,104,000. During the year ended 31 December 2023, total amount of RMB240,799,000 were returned to the shareholders of Guanglian Saixun who participated in the capital reduction.

Upon the completion of the Group Reorganisation, all of the shareholders of Guanglian Saixun prior to the Group Reorganisation became the shareholders of the Company upon their subscription of the shares of the Company to substantially reflect their respective rights, obligations and shareholdings in Guanglian Saixun, except for Hongsheng Investment which ceased to hold any interest in the Group, and such proportion of shareholding in the Company originally belonging to Hongsheng Investment was subscribed in lieu by Profit Channel Development Limited which was an independent third-party investor.

The Group conducts certain of its business through Guanglian Saixun due to regulatory restrictions on foreign ownership in the Internet cultural business industry in the PRC. On 24 March 2023, Guanglian Shuke, Guanglian Saixun and certain shareholders of Guanglian Saixun, entered into a series of contractual arrangements (the “Contractual Arrangements”). The Contractual Arrangements enable Guanglian Shuke in a position to:

- exercise effective financial and operational control over Guanglian Saixun;
- exercise equity shareholder’s voting rights of Guanglian Saixun;

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## ACCOUNTANTS’ REPORT

- receive substantially all of the economic interest returns generated by Guanglian Saixun in consideration for the business support, technical and consulting services provided by Guanglian Shuke;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Guanglian Saixun from Guanglian Shuke at a minimum purchase price permitted under applicable PRC laws and regulations, and all or part of the assets of Guanglian Saixun or such minimum purchase price permitted under PRC laws and regulations. Guanglian Shuke or its designated third party may exercise such options at any time until it has acquired all equity interests and/or all assets of Guanglian Saixun; and
- obtain a pledge over the entire equity interest of Guanglian Saixun from certain shareholders of Guanglian Saixun as collateral security to guarantee performance of Guanglian Saixun and certain of its shareholders obligations under the Contractual Arrangements.

Guanglian Shuke does not have any equity interest in Guanglian Saixun. However, as a result of the Contractual Arrangements, Guanglian Shuke has power over Guanglian Saixun, has rights to variable returns from its involvement with Guanglian Saixun and has the ability to affect those returns through its power over Guanglian Saixun and is considered to have control over Guanglian Saixun. Consequently, Guanglian Shuke regards Guanglian Saixun as an indirect subsidiary for accounting purpose. The Company consolidated the assets, liabilities, revenue, income and expenses of Guanglian Saixun since 24 March 2023.

### ***Basis of preparation and presentation***

The Ultimate Controlling Shareholders of the Company held 51.84% and 51.33% voting rights in the Group immediately prior to and after the completion of the Group Reorganisation respectively. Upon the completion of the Group Reorganisation, the Company became the holding Company of the operating entities who are undertaking the business of the Group. Prior to the completion of Group Reorganisation, the Company does not involve in any other business and the Group Reorganisation has not resulted in any change of management of such business and the Ultimate Controlling Shareholders of the business remain the same. The Company and the entities comprising the Group have been under common control of the Ultimate Controlling Shareholders throughout the Track Record Period or since their respective dates of incorporations/establishments, where there is a shorter period.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Track Record Period include the results, changes in equity and cash flows of the companies which are under common control of the Ultimate Controlling Shareholders and now comprising the Group as if the current group structure had been in existence throughout the Track Record Period or since the respective dates of establishment, whichever is a shorter period. The consolidated statements of financial position of the Group as of 31 December 2021, 2022 and 2023, have been prepared to present the assets and liabilities of the companies now comprising the Group at these dates, as if the current group structure had been in existence as at these dates.

### **3. APPLICATION OF NEW AND AMENDMENTS TO IFRSs**

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently adopted the accounting policies which conform with International Accounting Standard (“IASs”), IFRS, amendments to IFRSs and the related interpretations issued by the IASB which are effective for the accounting period beginning on 1 January 2023 throughout the Track Record Period.

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## ACCOUNTANTS' REPORT

### New and amendments to IFRSs in issue but not yet effective

At the date of the report, the following new and amendments to IFRSs have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendment to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2024.

3 Effective for annual periods beginning on or after 1 January 2025.

The Directors anticipate that the application of the new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRSs issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Leases* ("IFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets* ("IAS 36").

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

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- Level 3 inputs are unobservable inputs for the asset or liability.

### Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

### Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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### **Merger accounting for business combination involving businesses under common control**

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period. The comparative amounts in the Historical Financial Information are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

### **Investment in subsidiaries**

Investment in subsidiaries are stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

### **Interest in an associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of the associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9 *Financial Instruments* ("IFRS 9"), the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate.

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When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

### ***Changes in the Group's interests in an associate***

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

### **Revenue from contracts with customers**

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 6, 22 and 31.

### **Leases**

#### ***Definition of a lease***

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combination, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### ***The Group as a lessee***

##### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expenses on a straight-line basis or another systematic basis over the lease term.

##### *Right-of-use assets*

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

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### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

### **Borrowing costs**

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

### **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

### **Retirement benefit costs**

Payments to the retirement funds scheme managed by local social security bureau in accordance with the government regulations in the PRC, are recognised as an expense when employees have rendered service entitling them to the contributions.

### **Short-term employee benefits**

Short term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when the employee rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before taxation because of income or expense that are taxable or deductible in other years/periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



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Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Tax* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment, other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Construction in progress is stated at cost less any recognised impairment losses.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in

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the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Intangible assets**

#### ***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### ***Internally-generated intangible assets – research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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### Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

### Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### Financial assets

#### *Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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All other financial assets are subsequently measured at FVTPL except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will continue to be held in the FVTOCI reserve.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “other income” line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

(iv) Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, cash and cash equivalents, deposits paid to customers, time deposits with maturity over three months, restricted bank deposits), which are subject to impairment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

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The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant increase in credit risk or credit-impaired, and collectively for the remaining balances of debtors using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### (i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### (ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### (iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;

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- (b) a breach of contract, such as a default or past due event;
  - (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
  - (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

- (v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade and other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and other receivables where the corresponding adjustment is recognised through a loss allowance account.

### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the

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asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

### **Financial liabilities and equity**

#### *Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

#### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

#### *Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **Foreign currencies**

In preparing the financial statements of the Group, transactions in currencies other than the functional currency of the Group (foreign currencies) are recorded in the its functional currency (i.e. the currency of the primary economic environment in which the Group operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

## **5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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### **Critical judgement in applying accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

#### ***Contractual Arrangements***

During the Track Record Period, the Group conducts all of the business through the Consolidated Affiliated Entities. Upon completion of the Group Reorganisation as mentioned in Note 2, the Group does not have any equity interest in Guanglian Saixun. The Directors assessed whether or not the Group has control over Guanglian Saixun based on whether the Group has the power over Guanglian Saixun, has rights to variable returns from its involvement with Guanglian Saixun and has the ability to affect those returns through its power over Guanglian Saixun. After assessment, the Directors concluded that the Group has control over Guanglian Saixun as a result of the Contractual Arrangements and other measures and accordingly, the Group consolidates the financial statements of Guanglian Saixun under the Contractual Arrangements.

Nevertheless, the Contractual Arrangements and other measures may not be as effective as direct legal ownership in providing the Group with direct control over Guanglian Saixun and the evolving nature presented by the PRC legal system may influence the Group's beneficiary rights of the results, assets and liabilities of Guanglian Saixun. The Directors based on the advice of its legal counsel, consider that the Contractual Arrangements among Guanglian Shuke, Guanglian Saixun and their legal equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

#### ***Capitalisation of development costs***

The capitalisation of the Group's development costs included in intangible assets is RMB3,254,000, RMB9,451,000 and RMB8,472,000 for the year ended 31 December 2021, 2022 and 2023, respectively. The capitalisation involved management's significant judgement in assessing of whether technical and commercial feasibility of each project had been achieved. Technical feasibility is evaluated based on whether the entity has completed all the planning, design and testing activities that are necessary to establish that an asset can be produced to meet its design specifications, and commercial feasibility is evaluated based on future economic benefits would be generated by the assets or together with other assets with assumptions on revenue to be generated, budget costs to be incurred of the relevant assets.

#### ***Key sources of estimation uncertainty***

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period.

#### ***Provision of ECL for trade receivables***

Trade receivables for debtors with significant increase in credit risk or credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Notes 24 and 35.



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***Fair value measurement of equity instruments at FVTOCI***

As at 31 December 2021, 2022 and 2023, the Group’s investment in unlisted equity instruments amounting to RMB14,722,000, RMB9,553,000 and RMB7,752,000, respectively, were measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the instrument. See Note 35 for further disclosures.

**6. REVENUE AND SEGMENT INFORMATION**

**Disaggregation of revenue from contracts with customers**

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<i>Types of goods or services:</i>			
<b>Sales of in-vehicle hardware products</b> . . . . .	175,947	172,672	226,098
<b>SaaS marketing and management services</b>			
SaaS subscription services. . . . .	141,513	130,270	134,525
SaaS value-added services . . . . .	9,314	110,918	199,946
Total revenue from contracts with customers . . . . .	<u>326,774</u>	<u>413,860</u>	<u>560,569</u>
<i>Timing of revenue recognition</i>			
A point in time. . . . .	208,520	207,871	272,494
Over time. . . . .	<u>118,254</u>	<u>205,989</u>	<u>288,075</u>
Total . . . . .	<u>326,774</u>	<u>413,860</u>	<u>560,569</u>

***Performance obligations for contracts with customers***

The Group provides digitalisation services to customers in the automotive aftermarket industry in the PRC. Performance obligations of sales of in-vehicle hardware products are satisfied at a point in time. Performance obligations of rendering SaaS subscription services and SaaS value-added services are satisfied over time.

***Sales of in-vehicle hardware products***

Revenue from sales of in-vehicle hardware products represented sales of in-vehicle hardware including in-vehicle infotainment systems and in-vehicle safety systems to 4S stores, and sales of core boards to in-vehicle devices original brand manufacturers.

For sales of in-vehicle hardware, revenue is recognised at the point in time when controls of the hardware has transferred, being when the products are accepted by the customers.

The sales of in-vehicle hardware are not subject to refund. The warranty expenses incurred related to in-vehicle hardware sales was immaterial during the Track Record Period.

***SaaS marketing and management services***

The Group offers SaaS marketing and management services through (a) SaaS subscription services by providing software systems to 4S stores and financing and leasing companies and (b) SaaS value added services by providing integrated online and offline retails services to car users.

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### (a) SaaS subscription services

The Group generally sells in-vehicle hardware together with SaaS subscription services to the customer. The Group charges an annual subscription fee to the customers for information subscription services provided to the customers via data collected from in-vehicle hardware sold. Revenue from the SaaS subscription services are recognised over time. Payment received from subscribers in advance are recorded as contract liabilities at contract inception, and amortised over the SaaS subscription period.

For contracts where the in-vehicle hardware sold has utility on their own, the Group concludes that in-vehicle hardware and SaaS subscription services are two separate performance obligations as they are distinct from each other. Specifically, the customers can sell and benefit from the in-vehicle hardware on its own, and they can also benefit from the SaaS subscription with readily available resources. In such arrangements, transaction price is allocated to the two performance obligations based on their relative standalone selling prices.

In contracts where the in-vehicle hardware sold is adapted to the subscribed SaaS service and could not be used and sold separately, the Group determines that the hardware and subscribed SaaS represent one performance obligation, as they are highly interdependent and interrelated. Related revenue is recognised ratably over the SaaS subscription period.

### (b) SaaS value-added services

SaaS value-added services mainly represent value-added operation services for car users. The services include delivery of products and services to car users such as repair and maintenance and car beauty such as instalment of vehicles’ covering film, replacement of vehicle’s damaged tires, vehicle polishing and grinding and other related services. Revenue from SaaS value-added services are recognised over the service delivery period, which is generally within a day.

### **Transaction price allocated to the remaining performance obligation for contracts with customers**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2021, 2022 and 2023 arising from Sales of in-vehicle hardware products and SaaS subscription services, and the expected timing of recognising revenue are as follows:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>
Within one year . . . . .	111,658	95,435	58,975
More than one year but less than two years . . . . .	28,555	17,949	16,222
More than two years . . . . .	6,065	2,965	5,662
	<u>146,278</u>	<u>116,349</u>	<u>80,859</u>

### **Segment information**

The Group’s chief operating decision makers, who are the executive directors, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports.

### **Geographical information**

As the Group’s non-current assets are all located in the PRC and all the Group’s revenue are derived from the PRC, no geographical information is presented.

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### Information about major customers

Revenue from customers contributing for 10% or more of the Group’s revenue during the Track Record Period are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Customer A ( <i>Note</i> ) . . . . .	103,275	90,244	106,540

*Note:* Customer A represents customers under the control of the same shareholder throughout the Track Record Period.

### 7. OTHER INCOME

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Interest income on bank deposits and time deposits with maturity over three months . . .	5,977	3,883	2,494
Interest income from financial assets at FVTPL . . . . .	–	–	181
Government grants ( <i>Note</i> ) . . . . .	1,690	1,743	725
Refund of PRC value added tax and surcharges . . . . .	7,333	4,049	6,337
	<u>15,000</u>	<u>9,675</u>	<u>9,737</u>

*Note:* Government grants mainly represented the government subsidies received by the Group to compensate the interest expense on certain borrowings and public listing subsidy, to support the research and development of the Group and to purchase property, plant and equipment which is recognised as deferred income and being recognised to profit or loss on a systematic basis over the estimated useful life of the related assets.

### 8. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Gain from changes in fair value of financial assets at FVTPL . . . . .	321	8,495	9,637
Loss on disposal of property, plant and equipment . . . . .	(61)	(205)	(132)
Loss on disposal of interest in an associate . .	–	(126)	–
Exchange gain . . . . .	–	–	209
	<u>260</u>	<u>8,164</u>	<u>9,714</u>

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**9. IMPAIRMENT LOSSES RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Impairment losses, net of reversal, recognised on:			
— Trade receivables . . . . .	(109)	(511)	(1,322)
— Other receivables . . . . .	35	(10)	(232)
	<u>(74)</u>	<u>(521)</u>	<u>(1,554)</u>

**10. FINANCE COSTS**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Interest on borrowings . . . . .	(1,771)	(1,531)	(2,109)
Interest on lease liabilities . . . . .	(159)	(106)	(174)
	<u>(1,930)</u>	<u>(1,637)</u>	<u>(2,283)</u>

**11. INCOME TAX EXPENSE**

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Current tax – PRC Enterprise Income Tax . . .	1,724	2,202	5,191
Deferred tax ( <i>Note 21</i> ) . . . . .	3,567	3,404	2,235
	<u>5,291</u>	<u>5,606</u>	<u>7,426</u>

Tax charge for the year can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit before taxation . . . . .	<u>40,364</u>	<u>53,023</u>	<u>58,968</u>
Tax at the PRC statutory tax rate of 25% . . . .	10,091	13,256	14,742
Tax effect of expenses not deductible for tax purpose . . . . .	424	402	615
Tax effect of share of results of an associate .	14	–	(43)
Tax benefit for qualifying research and development expenses . . . . .	(2,819)	(3,562)	(4,977)
Effect on concessionary tax rates . . . . .	(2,419)	(4,490)	(2,911)
Tax charge. . . . .	<u>5,291</u>	<u>5,606</u>	<u>7,426</u>

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**Cayman Islands**

Under the current laws of the Cayman Islands, the Company incorporated in the Cayman Islands is not subject to tax on income or capital gains. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

**BVI**

The entities established in the BVI are exempted from income tax.

**Hong Kong**

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first Hong Kong Dollar (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No provision of Hong Kong Profits Tax was made in the consolidated financial statements as the Group has no assessable profit during the Track Record Period.

**PRC**

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the statutory tax rate for PRC entities is 25% during the Track Record Period.

Guanglian Saixun, one of the entities comprising the Group, was qualified as a High-New Technology Enterprises (“HNTE”) since 9 November 2018 and was subject to a preferential income tax rate of 15% until 31 December 2023 after the approval of the extension of its HNTE status on 23 December 2021.

Guanglian Shuke, one of the entities comprising the Group, was qualified as a High-New Technology Enterprises (“HNTE”) since 16 October 2023 and was subject to a preferential income tax rate of 15% for three years.

Certain subsidiaries have been approved as small low-profit enterprises. The entitled subsidiaries are subject to a preferential income tax rate of 2.5% or 5% during the Track Record Period.

**12. PROFIT FOR THE YEAR**

Profit for the year has been arrived at after charging/(crediting):

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Staff costs (including directors’ remuneration as set out in <i>Note 13</i> ):			
Salaries . . . . .	38,273	49,183	47,712
Retirement benefits scheme contributions . . . . .	1,489	1,863	1,731
Discretionary bonus . . . . .	2,504	2,049	3,319
	<hr/>	<hr/>	<hr/>
Total employee benefit expenses . . . . .	42,266	53,095	52,762
Capitalised in intangible assets . . . . .	(3,254)	(9,451)	(8,472)
	<hr/>	<hr/>	<hr/>
	<b>39,012</b>	<b>43,644</b>	<b>44,290</b>

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	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Depreciation of property, plant and equipment . . .	2,832	4,977	5,235
Depreciation of right-of-use assets . . . . .	2,116	2,413	2,800
Amortisation of intangible assets . . . . .	1,976	3,458	5,821
<b>Total depreciation and amortisation. . . . .</b>	<b>6,924</b>	<b>10,848</b>	<b>13,856</b>
Auditors’ remuneration . . . . .	286	88	108
Write-down/(reversal of write-down) of inventories. . . . .	766	(888)	421
Cost of inventories recognised as an expense. . .	185,374	186,762	237,272
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]

**13. DIRECTORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS**

**Directors’ and Chief Executive’s Emoluments**

Zhu Lei was appointed as chief executive and director of the Company on 12 January 2022 and re-designated as executive director on 12 May 2023. Jiang Zhongyong and Zhao Zhan were appointed as directors of the Company on 12 January 2022 and re-designated as executive directors on 12 May 2023.

Cui Changsheng, Zou Fangzhao and Peng Chao were appointed as directors of the Company on 20 April 2023 and re-designated as non-executive directors on 12 May 2023.

Feng Yuan, Wei Chunlan and Ci Ying were appointed as independent non-executive directors of the Company on [18 June 2024].

Details of the emoluments paid or payable to the directors and chief executive officer of the Company (including emoluments of their services as employees or directors of the group entities prior to becoming the Directors) during the Track Record Period are as follows:

	Fees	Salaries and other benefits-in-kind	Retirement benefits scheme contributions	Discretionary bonus (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Year ended</b>					
<b>31 December 2021</b>					
Executive directors					
Zhu Lei . . . . .	–	380	25	–	405
Jiang Zhongyong . . . . .	–	36	25	–	61
Zhao Zhan . . . . .	–	964	27	113	1,104
Non-executive director					
Cui Changsheng . . . . .	–	–	–	–	–
Independent non-executive director					
Feng Yuan . . . . .	60	–	–	–	60
<b>Subtotal . . . . .</b>	<b>60</b>	<b>1,380</b>	<b>77</b>	<b>113</b>	<b>1,630</b>

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	Fees	Salaries and other benefits-in-kind	Retirement benefits scheme contributions	Discretionary bonus (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Year ended</b>					
<b>31 December 2022</b>					
Executive directors					
Zhu Lei . . . . .	–	383	25	–	408
Jiang Zhongyong . . .	–	48	25	–	73
Zhao Zhan . . . . .	–	863	27	113	1,003
Non-executive director					
Cui Changsheng . . .	–	–	–	–	–
Independent non-executive director					
Feng Yuan . . . . .	60	–	–	–	60
Subtotal . . . . .	<u>60</u>	<u>1,294</u>	<u>77</u>	<u>113</u>	<u>1,544</u>

	Fees	Salaries and other benefits-in-kind	Retirement benefits scheme contributions	Discretionary bonus (Note)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Year ended 31</b>					
<b>December 2023</b>					
Executive directors					
Zhu Lei . . . . .	–	383	25	–	408
Jiang Zhongyong . . .	–	51	25	–	76
Zhao Zhan . . . . .	–	863	27	56	946
Non-executive directors					
Cui Changsheng . . .	–	–	–	–	–
Zou Fangzhao . . . .	–	–	–	–	–
Peng Chao . . . . .	–	–	–	–	–
Independent non-executive director					
Feng Yuan . . . . .	20	–	–	–	20
Subtotal . . . . .	<u>20</u>	<u>1,297</u>	<u>77</u>	<u>56</u>	<u>1,450</u>

The executive directors’ and non-executive directors’ emoluments shown above were mainly for their services in connection with the management affairs of the Company and the Group.

*Note:* The discretionary bonus is based on the performance of the Directors and the Group.

During the Track Record Period, none of the Directors and chief executive of the Company had waived any emoluments and no emoluments had been paid by the Group to any of the Directors or chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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### Employees' Emoluments

The five highest paid employees of the Group included 1, 1 and 1 director during each of the years ended 31 December 2021, 2022 and 2023, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining 4, 4 and 4 highest paid employees during each of the years ended 31 December 2021, 2022 and 2023, respectively, who were neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Salaries . . . . .	1,812	2,651	2,931
Retirement benefits scheme contributions . . . . .	78	103	105
Discretionary bonus . . . . .	202	296	381
	<u>2,092</u>	<u>3,050</u>	<u>3,417</u>

The number of the highest paid employees who are neither directors nor chief executive of the Company whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2021	2022	2023
	No. of employees	No. of employees	No. of employees
Nil to HK\$1,000,000 . . . . .	4	4	2
HK\$1,000,000 to HK\$1,500,000 . . . . .	—	—	2
	<u>—</u>	<u>—</u>	<u>2</u>

### 14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Profit for the year attributable to owners of the Company for the purpose of calculating basic earnings per share . . . . .	<u>31,831</u>	<u>44,145</u>	<u>51,129</u>

### Number of shares

	Year ended 31 December		
	2021	2022	2023
Weighted average number of ordinary shares for the purpose of basic earnings per share . . . . .	<u>[286,771,500]</u>	<u>[286,771,500]</u>	<u>[299,309,684]</u>



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The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Group Reorganisation as set out in Note 2 and the [REDACTED] as disclosed in Note 40 had been effective since 1 January 2021.

Upon completion of the Group Reorganisation in March 2023, there were 60,600,000 shares issued and outstanding. Shares of 2,645,700 was excluded from the calculation prior to the Group Reorganisation as it was attributable to non-controlling interests held by Hongsheng which ceased to hold any interest in the Group after the Group Reorganisation. Newly issued shares of 600,000 to an investor, Cova Investment, in March 2023 as disclosed in Note 2, were not included in the calculation before March 2023 either. The capitalisation rate was 5 according to the [REDACTED] disclosed in Note 40.

No diluted earnings per share is presented as there was no potential dilutive ordinary share in issue during the Track Record Period.

**15. DIVIDENDS**

No dividend was declared or paid by the entities comprising the Group during the Track Record Period or by the Company since its incorporation except for a final dividend of RMB2,700,000 declared by an entity comprising the Group to the non-controlling shareholders during the year ended 31 December 2021 and was paid during the year ended 31 December 2022.

The rate of dividends and the number of shares, ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

**16. PROPERTY, PLANT AND EQUIPMENT**

	Furniture, fixtures and equipment	Vehicles	Construction in progress	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>COST</b>					
At 1 January 2021 . . . . .	4,914	4,212	918	3,761	13,805
Additions . . . . .	653	–	7,339	–	7,992
Transfer . . . . .	1,843	–	(8,257)	6,414	–
Disposals . . . . .	(1,233)	–	–	–	(1,233)
At 31 December 2021 . . . . .	6,177	4,212	–	10,175	20,564
Additions . . . . .	738	–	4,832	–	5,570
Transfer . . . . .	667	–	(4,832)	4,165	–
Disposals . . . . .	(240)	–	–	(353)	(593)
At 31 December 2022 . . . . .	7,342	4,212	–	13,987	25,541
Additions . . . . .	680	–	888	–	1,568
Transfer . . . . .	–	–	(852)	852	–
Disposals . . . . .	(184)	(91)	–	(406)	(681)
At 31 December 2023 . . . . .	7,838	4,121	36	14,433	26,428
<b>DEPRECIATION</b>					
At 1 January 2021 . . . . .	4,677	2,385	–	751	7,813
Provided for the year . . . . .	348	673	–	1,811	2,832
Eliminated on disposals . . . . .	(1,170)	–	–	–	(1,170)

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	Furniture, fixtures and equipment	Vehicles	Construction in progress	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 31 December 2021 . . . .	3,855	3,058	–	2,562	9,475
Provided for the year . . . .	876	619	–	3,482	4,977
Eliminated on disposals . .	(146)	–	–	(59)	(205)
At 31 December 2022 . . . .	4,585	3,677	–	5,985	14,247
Provided for the year . . . .	1,116	301	–	3,818	5,235
Eliminated on disposals . .	(84)	(86)	–	(203)	(373)
At 31 December 2023 . . . .	5,617	3,892	–	9,600	19,109
<b>CARRYING VALUES</b>					
At 31 December 2021 . . . .	2,322	1,154	–	7,613	11,089
At 31 December 2022 . . . .	2,757	535	–	8,002	11,294
At 31 December 2023 . . . .	2,221	229	36	4,833	7,319

The above items of property, plant and equipment, except for construction in progress, are depreciated on a straight-line basis, after taking into account their residual values, at the following rates per annum:

Furniture, fixtures and equipment . . . . .	20%-33%
Vehicles . . . . .	25%
Leasehold improvement . . . . .	Over the shorter of the lease term, or 20%-33%

**17. RIGHT-OF-USE ASSETS**

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning of the year . . .	3,674	2,380	4,243
Additions . . . . .	822	4,276	1,159
Depreciation . . . . .	(2,116)	(2,413)	(2,800)
Carrying amount at the end of the year . . . . .	2,380	4,243	2,602
	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Expense relating to short-term leases . . . . .	(12)	(59)	(25)
Total cash outflow for leases . . . . .	(2,697)	(2,531)	(2,993)

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The Group leases certain of its offices and warehouses which are negotiated for terms ranging from 1 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group regularly entered into short-term leases for offices. As at 31 December 2021, 2022 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessors. Leased assets may not be used as security for borrowing purposes.

**18. INTANGIBLE ASSETS**

	<u>Development costs</u>	<u>Software</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
<u>COST</u>			
At 1 January 2021 . . . . .	–	11,001	11,001
Additions . . . . .	3,254	239	3,493
At 31 December 2021. . . . .	3,254	11,240	14,494
Additions . . . . .	9,451	195	9,646
Transfer to software . . . . .	(12,705)	12,075	–
At 31 December 2022. . . . .	–	24,140	24,140
Additions . . . . .	8,472	5,945	14,417
Transfer to software . . . . .	(5,816)	5,816	–
At 31 December 2023. . . . .	2,656	35,901	38,557
<u>AMORTISATION</u>			
At 1 January 2021 . . . . .	–	1,943	1,943
Charge for the year . . . . .	–	1,976	1,976
At 31 December 2021. . . . .	–	3,919	3,919
Charge for the year . . . . .	–	3,458	3,458
At 31 December 2022. . . . .	–	7,377	7,377
Charge for the year . . . . .	–	5,821	5,821
At 31 December 2023. . . . .	–	13,198	13,198
<u>CARRYING VALUES</u>			
At 31 December 2021. . . . .	3,254	7,321	10,575
At 31 December 2022 . . . . .	–	16,763	16,763
At 31 December 2023. . . . .	2,656	22,703	25,359

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All of the Group’s intangible assets having finite useful lives are amortised on a straight-line basis over the following periods:

Software	2-10 years
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### 19. INTEREST IN ASSOCIATES

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Unlisted equity investment, at cost . . . . .	360	–	9,150
Share of post-acquisition (losses)/profit and other comprehensive (expense)/income . . .	(57)	–	174
	<u>303</u>	<u>–</u>	<u>9,324</u>

The associates of the Group were established and operates in the PRC. The details of the associates as at the end of each reporting period are set out below:

Name of entities	Proportion of ownership interest held to the Group			Proportion of voting rights held by the Group			Principal activity
	At 31 December			At 31 December			
	2021	2022	2023	2021	2022	2023	
汽後優簡網絡科技(深圳)有限公司 (Qihou Youjian Network Technology (Shenzhen) Co., Ltd.) (“Qihou Youjian”) . . . . .	23%	N/A	N/A	23%	N/A	N/A	Consulting services related to evaluation of supplier in automotive industry
煙台市嘀加彩一汽車服務有限責任公司 (Yantai City Dijia Caiyi car Service Co., Ltd) (“Yantai City Dijia”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
嘀加牛膜王(濟南)汽車用品服務有限責任公司 (Dijia niuowang (Jinan) Automotive supplies Service Co., Ltd) (“Dijia Niumowang”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
九江嘀科鑫聯汽車服務有限責任公司 (Jiujiang dike xinlian Automobile Service Co., Ltd) (“Jiujiang Dike”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
洛陽嘀加惠汽車服務有限公司 (Luoyang Dijiahui Automobile service Co., Ltd) (“Luoyang Dijiahui”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services

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Name of entities	Proportion of ownership interest held to the Group			Proportion of voting rights held by the Group			Principal activity
	At 31 December			At 31 December			
	2021	2022	2023	2021	2022	2023	
烏魯木齊嘀加藍卡汽車服務 有限責任公司 (Urumqi Dijia Lanka car Service Co., Ltd) (“Urumqi Dijia”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
雲南嘀加囉哩啲啦汽車服務 有限公司 (Yunnan dijia pilipala car Service Co., Ltd) (“Yunnan Dijia”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
陝西萬勝嘀加汽車服務有限 公司 (Shanxi Wansheng Dijia Automobile Service Co., Ltd) (“Shanxi Wansheng”) . . . . .	–	–	29%			29%	Provision of marketing services
內蒙古嘀加美圖汽車服務有 限公司 (Inner Mongolia Dijia Meitu Automobile Service Co., Ltd) (“Inner Mongolia Dijia”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
貴陽市嘀加鑫匯達汽車服務 有限責任公司 (Guiyang City Dijiaxin Huida Automobile Service Co., Ltd) (“Guiyang City Dijiaxin”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
西安嘀加萬昇汽車服務有限 公司 (Xi’an Dijia Wansheng Automobile Service Co., Ltd) (“Xi’an Dijia Wansheng”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
嘀加金鑫(濟南)汽車用品服 務有限責任公司 (Dijia Jinxin (Jinan) Automotive supplies Service Co., Ltd) (“Dijia Jinxin”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
洛陽嘀加贏惠汽車服務有限公 司 (Luoyang Diyinghui Automobile Service Co., Ltd) (“Luoyang Diyinghui”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services
甘肅嘀加一門汽車裝飾服務 有限責任公司 (Gansu Dijia Yimen Car Decoration Service Co., Ltd) (“Gansu Dijia”) . . . . .	–	–	29%	–	–	29%	Provision of marketing services

The English translation of the names for the associates are for reference purpose only. The official names of these entities are in Chinese.

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The Group disposed 5% of its equity interest in Qihou Youjian in January 2022. Upon the completion of the transaction, the Group did not have significant influence in Qihou Youjian and the remaining 18% equity interest is accounted as financial assets at FVTPL. The retained investment is measured at the fair value at the date when it ceases to be an associate. The Company recognises RMB126,000 in loss, being the difference between (i) the fair value of retained interest and the proceeds from disposing and (ii) the carrying amount of the investment at the date the equity method was discontinued.

	<b>As at 31 December</b>
	<b>2023</b>
	<b>RMB’000</b>
<b>Aggregate information of associates that are not individually material</b>	
The Group’s share of results from continuing operations . . . . .	591
The Group’s share of other comprehensive income and total comprehensive income . . . . .	591
<b>Aggregate carrying amount of the Group’s interests in these joint ventures . . . . .</b>	<b>9,324</b>

**20. EQUITY INSTRUMENTS AT FVTOCI**

Equity instruments at FVTOCI as at 31 December 2021, 2022 and 2023 represented the Group’s 15.01% equity interests in an unlisted company established in the PRC. The Directors have elected to designate the investment in equity instruments as at FVTOCI as they believe that the investment is not held for trading and is held for long-term strategic purposes. Details of the fair value measurement are disclosed in Note 35.

**21. DEFERRED TAX ASSETS/LIABILITIES**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	<b>As at 31 December</b>		
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>
Deferred tax assets . . . . .	6,059	4,700	2,923
Deferred tax liabilities. . . . .	(75)	(2,120)	(2,578)
	<u>5,984</u>	<u>2,580</u>	<u>345</u>

The deferred tax assets/(liabilities) recognised by the Group and the movements thereon during the Track Record Period are as follows:

	<b>ECL on receivables</b>	<b>Tax losses</b>	<b>Unrealised profits</b>	<b>Fair value changes of financial assets at FVTPL</b>	<b>Others</b>	<b>Total</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>	<b>RMB’000</b>
At 1 January 2021 . . . . .	2,403	4,977	1,810	2	359	9,551
(Charge)/credit to profit or loss . . . . .	(852)	(1,448)	(1,468)	(77)	278	(3,567)

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	ECL on receivables	Tax losses	Unrealised profits	Fair value changes of financial assets at FVTPL	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 31 December 2021 . . .	1,551	3,529	342	(75)	637	5,984
Credit/(charge) to profit or loss . . . . .	877	(1,656)	(326)	(2,045)	(254)	(3,404)
At 31 December 2022 . . .	2,428	1,873	16	(2,120)	383	2,580
(Charge)/credit to profit or loss . . . . .	(60)	(242)	(16)	(1,471)	38	(1,751)
Effect of change in tax rate . . . . .	(714)	(435)	–	850	(185)	(484)
At 31 December 2023 . . .	1,654	1,196	–	(2,741)	236	345

As at 31 December 2021, 2022 and 2023, the Group had estimated unused tax losses of approximately RMB23,931,000, RMB12,864,000 and RMB7,262,000 available for offset against future profits respectively. All tax losses were incurred by entities comprising the Group in the PRC. As at 31 December 2021, 2022 and 2023, deferred tax assets has been recognised in respect of all the tax losses at the end of each reporting period due to the predictability of future profit streams.

**22. CONTRACT COSTS**

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Costs to fulfill contracts. . . . .	43,666	27,594	21,777
Analysis as:			
Non-current. . . . .	18,699	10,497	8,715
Current. . . . .	24,967	17,097	13,062
	43,666	27,594	21,777

Costs to fulfill contracts capitalised relate to the cost of vehicle-mounted hardware installed in the automobile which cannot be separately used alone and are regarded as set up costs to provide SaaS subscription services. Contract costs are recognised as part of cost of revenue in the consolidated statements of profit or loss and other comprehensive income in the period in which revenue from the related SaaS subscription services are recognised. The amount of capitalised costs recognised in profit or loss during the years ended 31 December 2021, 2022 and 2023 were RMB62,412,000, RMB57,272,000 and RMB57,811,000 respectively. There was no impairment in relation to the costs capitalised during the Track Record Period.

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**23. INVENTORIES**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Raw materials and consumables . . . . .	1,093	1,781	1,801
Finished goods . . . . .	10,691	12,972	8,194
	<u>11,784</u>	<u>14,753</u>	<u>9,995</u>

**24. TRADE AND OTHER RECEIVABLES**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
<u>Trade receivables</u>			
Trade receivables . . . . .	111,970	132,721	139,086
Less: Allowance for credit losses . . . . .	(42,374)	(42,073)	(43,261)
	<u>69,596</u>	<u>90,648</u>	<u>95,825</u>
<u>Other receivables</u>			
VAT receivables . . . . .	1,517	746	993
Others . . . . .	522	1,006	1,267
Less: Allowance for credit losses . . . . .	(10)	(20)	(252)
	<u>2,029</u>	<u>1,732</u>	<u>2,008</u>
Total . . . . .	<u>71,625</u>	<u>92,380</u>	<u>97,833</u>

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB121,536,000. As at 31 December 2021, carrying amount of trade receivables amounted to RMB20,000,000 have been pledged as security for the Group’s borrowings.

The Group usually allows a credit period of 90-180 days to its customers which is interest free with no collateral. Aging of trade receivables net of allowance for credit losses, is prepared based on date of transfer of goods or date of rendering of services, which approximated the respective revenue recognition dates, are as follows:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0-90 days . . . . .	30,907	61,961	71,908
91-180 days . . . . .	13,064	23,482	18,556
Over 180 days . . . . .	25,625	5,205	5,361
	<u>69,596</u>	<u>90,648</u>	<u>95,825</u>



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Aging of trade receivables which were past due but not impaired:

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
91-180 days . . . . .	6,082	14,970	6,857
Over 180 days . . . . .	25,625	5,205	5,361
	<u>31,707</u>	<u>20,175</u>	<u>12,218</u>

Details of impairment assessment of trade receivables and other receivables are set out in Note 35.

**25. DEPOSITS AND PREPAYMENTS**

**The Group**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Deposits paid to customers . . . . .	3,608	4,438	5,166
Prepayments for hardware . . . . .	9,828	16,252	12,980
Prepayments to SaaS subscription suppliers. .	10,418	9,310	12,712
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid [REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Others . . . . .	910	698	273
	<u>27,075</u>	<u>33,147</u>	<u>35,926</u>
Analysis as:			
Non-current . . . . .	2,025	103	–
Current . . . . .	25,050	33,044	35,926
	<u>27,075</u>	<u>33,147</u>	<u>35,926</u>

**The Company**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid [REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
		<u>–</u>	<u>[REDACTED]</u>

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**26. FINANCIAL ASSETS AT FVTPL**

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Listed equity security . . . . .	96	64	–
Unlisted funds. . . . .	130,284	138,482	147,191
Unlisted equity investment. . . . .	–	234	91
Unlisted trust . . . . .	–	–	11,135
	130,380	138,780	158,417
	130,380	138,780	158,417

Financial assets at FVTPL as at 31 December 2021, 2022 and 2023 mainly represented the Group’s investments in (i) equity securities listed in the Shanghai Stock Exchange, (ii) unlisted funds which represented a portfolio of investments managed by fund managers with most of the portfolio assets are invested in bond investments in the PRC, (iii) unlisted equity investments and (iv) unlisted trust in the PRC. Details of the fair value measurement are disclosed in Note 35.

**27. TIME DEPOSITS WITH MATURITY OVER THREE MONTHS/RESTRICTED BANK DEPOSITS/CASH AND CASH EQUIVALENTS**

Time deposits with original maturity over three months carried interest range from 1.95% to 4.50%, 1.65% to 3.85%, and 1.30% to 4.80% per annum as at 31 December 2021, 2022 and 2023, respectively. Of which, RMB110,000,000, nil and [nil] with maturity over one year are being classified as non-current as at 31 December 2021, 2022 and 2023, respectively.

Restricted bank deposits represented balances of RMB31,050,000, RMB50,010,000 and RMB27,846,000 pledged to banks for the issuance of the Group’s bills payable as at 31 December 2021, 2022 and 2023, respectively. Of which, RMB20,400,000, RMB22,300,000 and nil were time deposits with original maturity over three months.

Cash and cash equivalents include deposits with original maturity less than three months for the purpose of meeting the Group’s short term cash commitments, which carry interest at market rates range from 0.30% to 2.10%, 0.01% to 2.03% and 0.01% to 4.80% per annum as at 31 December 2021, 2022 and 2023, respectively. Demand deposits carried interest at market interest rate ranging from 0.30% to 0.35%, 0.01% to 0.35% and 0.01% to 0.35% per annum as at 31 December 2021, 2022 and 2023, respectively.

**28. TRADE AND OTHER PAYABLES**

**The Group**

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Trade payables (Note) . . . . .	14,380	20,563	21,121
Bills payable. . . . .	26,544	50,570	27,037
Deposits . . . . .	1,784	1,275	2,715
Accrued salaries . . . . .	5,894	6,708	7,216
Other tax payables . . . . .	1,046	5,783	6,585
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Dividends payable to non-controlling interests . . . . .	2,700	–	–
Others. . . . .	1,609	1,340	1,661
	54,205	89,892	69,502
	54,205	89,892	69,502

Note: Included in trade payables, nil, nil and RMB333,000 were balances due to associates in trade nature as at 31 December 2021, 2022 and 2023, respectively.

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The following is an aged analysis of trade and bills payables presented based on the invoice date.

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
0-180 days . . . . .	39,459	71,008	47,852
181-365 days . . . . .	1,465	125	306
	<u>40,924</u>	<u>71,133</u>	<u>48,158</u>

The average credit period for purchases of goods or services is 180 days.

**The Company**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Other payables . . . . .	N/A	—*	—
[REDACTED] . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
		<u>—*</u>	<u>3,167</u>

\* Amount less than RMB1,000

**29. LEASE LIABILITIES**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year . . . . .	1,813	2,347	2,314
Within a period of more than one year but less than two years . . . . .	271	1,814	410
Within a period of more than two years but less than five years . . . . .	391	224	26
	<u>2,475</u>	<u>4,385</u>	<u>2,750</u>
Less: Amounts due for settlement within 12 months shown under current liabilities . . . . .	<u>(1,813)</u>	<u>(2,347)</u>	<u>(2,314)</u>
Amounts due for settlement after 12 months shown under non-current liabilities . . . . .	<u>662</u>	<u>2,038</u>	<u>436</u>

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The weighted average incremental borrowing rate applied to lease liabilities were 4.75%, 4.75% and 4.75% as at 31 December 2021, 2022 and 2023, respectively.

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**30. BORROWINGS**

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Bank loans . . . . .	8,209	23,526	26,398
Other borrowings . . . . .	30,014	12,016	17,019
	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>
Secured . . . . .	30,000	12,000	17,000
Unsecured . . . . .	8,223	23,542	26,417
	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>
Represented:			
Fixed-rate borrowings . . . . .	<u>38,223</u>	<u>35,542</u>	<u>43,417</u>

The carrying amounts of the borrowings are repayable within one year.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group’s bank loans is as follows:

	As at 31 December		
	2021	2022	2023
Effective interest rate per annum . . .	<u>4.35% to 6.50%</u>	<u>3.70% to 6.50%</u>	<u>3.60% to 4.90%</u>

At 31 December 2021, the borrowings amounting to RMB38,223,000 were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, independent third parties (including Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd. and Shenzhen SME Financing Guarantee Co., Ltd.), certain entities comprising the Group. An amount of RMB10,000,000 of the borrowings were also secured by a patent of Guanglian Saixun. In addition, an amount of RMB20,000,000 included in other borrowings was pledged by the same amount of trade receivables of the Group.

At 31 December 2022, the borrowings amounting to RMB35,542,000 were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, independent third parties (including Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd. and Shenzhen Lihe Technology Financing Guarantee Co., Ltd.), and certain entities comprising the Group. An amount of RMB12,000,000 of the borrowings were also secured by a patent of Guanglian Saixun.

At 31 December 2023, the borrowings amounting to RMB43,417,000 were jointly guaranteed by Mr. Zhu Lei, Mr. Zhao Zhan, independent third parties (including Shenzhen Hi-tech investment and Financing Guarantee Co., Ltd. and Shenzhen Lihe Technology Financing Guarantee Co., Ltd.), and certain entities comprising the Group. An amount of RMB17,000,000 of the borrowings were also secured by two patents of Guanglian Shuke. The Directors expected that the personal guarantees provided by Mr. Zhu Lei and Zhao Zhan will be replaced by corporate guarantee provided by the Company upon [REDACTED].

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### 31. CONTRACT LIABILITIES

	As at 31 December		
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Sales of in-vehicle hardware products and SaaS subscription services . . . . .	146,278	116,349	80,859
Current . . . . .	111,658	95,435	58,975
Non-current . . . . .	34,620	20,914	21,884
	146,278	116,349	80,859

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

As at 1 January 2021, contract liabilities amounted to RMB161,088,000.

The Directors expect that the current contract liabilities will be recognised as revenue within one year, while the non-current contract liabilities will be recognised as revenue over one year.

During each of the years ended 31 December 2021, 2022 and 2023, the Group recognised revenue amounting to RMB93,562,000, RMB107,242,000 and RMB93,201,000, respectively, which related to the contract liabilities balance at the beginning of the year.

There was no revenue recognised during the Track Record Period that related to performance obligations that were satisfied in prior years.

### 32. SHARE CAPITAL

For the purposes of presentation of the consolidated statements of financial position, the balance of share capital as at 1 January 2021, 31 December 2021 and 2022 represented the aggregate of share capital of Guanglian Saixun and the Company prior to the completion of the Group Reorganisation.

	As at	As at	As at
	1 January	31 December	31 December
	2021	2021	2022
	RMB'000	RMB'000	RMB'000
The Company . . . . .	N/A	N/A	—*
Guanglian Saixun . . . . .	60,000	60,000	60,000
	60,000	60,000	60,000

As set out in Note 2, the Group Reorganisation has been completed during the year ended 31 December 2023 and the balance as at 31 December 2023 represented the share capital of the Company.

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### The Company

	Number of shares	Nominal value	
		USD	RMB’000
<b>Authorised:</b>			
<i>Ordinary shares of USD0.0001 each</i>			
At 12 January 2022 (date of incorporation),			
31 December 2022 and 2023 . . . . .	500,000,000	50,000	318

	Number of shares	Nominal value	
		USD	RMB’000
<b>Issued and fully paid:</b>			
<i>Ordinary shares of USD0.0001 each</i>			
At 12 January 2022 (date of incorporation) and			
31 December 2022 . . . . .	5	_ <sup>^</sup>	_*
Issue of shares ( <i>Note</i> ) . . . . .	60,599,995	6,060	42
At 31 December 2023. . . . .	60,600,000	6,060	42

*Note:* In March 2023, the Company issued 60,599,995 shares with par value of USD0.0001 per share for a consideration of USD35,695,000 (equivalent to approximately RMB245,451,000).

\* Amount less than RMB1,000

<sup>^</sup> Amount less than USD1

### 33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern with maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes borrowings as disclosed in Note 30, net of bank balances and cash, and total equity of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with the capital. Based on recommendations of the management, the Group will balance its overall capital structure through raising of new capital, issue of new debt or the redemption of the existing debts.

### 34. CAPITAL COMMITMENTS

The Group had the following commitments as at the end of each reporting period:

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements . . . . .	–	48	57

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**35. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>Financial assets</b>			
Financial assets at FVTPL . . . . .	130,380	138,780	158,417
Financial assets at amortised cost . . . . .	262,284	304,805	287,075
Equity instruments at FVTOCI . . . . .	14,722	9,553	7,752
	<u>407,386</u>	<u>453,138</u>	<u>453,244</u>

	As at 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
<b>Financial liabilities</b>			
Financial liabilities at amortised cost . . . . .	85,488	112,943	99,118
	<u>85,488</u>	<u>112,943</u>	<u>99,118</u>

**Financial risk management objectives and policies**

The Group’s major financial instruments include equity instruments at FVTOCI, trade and other receivables, deposits paid to customers, financial assets at FVTPL, time deposits with maturity over three months, restricted bank deposits, cash and cash equivalents, trade and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

**Market risk**

The Group’s activities expose it primarily to the financial risks of interest rates, currency risk and other price risk.

There has been no change to the Group’s exposure to market risk or the manner in which it manages and measures the risk during the reporting period.

*Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate time deposits with maturity over three months (see Note 27 for details), borrowings (see Note 30 for details) and lease liabilities (see Note 29 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate on bank balances.

The Group currently do not have interest rate hedging policy. However, management will consider hedging significant interest rate exposure should the need arise.

*Sensitivity analysis*

No sensitivity analysis on interest rate risk on bank balance is presented as management consider the sensitivity on interest rate risk on bank balance is insignificant.

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### *Currency risk*

The Group has USD and HKD bank balances which expose the Group and the Company to foreign currency risk. As at 31 December 2023, the Group had a total amount of RMB6,849,000 bank balances denominated in USD. Other than this, the bank balances in HKD as at 31 December 2021, 2022 and 2023 and USD as at 31 December 2021 and 2022 are insignificant.

### *Sensitivity analysis*

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. As at 31 December 2023, for a 5% weakening of RMB against USD, there would be an increase in post-tax profits of the Group by RMB286,000 for the year then ended and vice versa. Other than this, the management of the Group considers that any reasonably possible change in the RMB against the USD and HKD as at 31 December 2021 and 2022 would not cause significant change to the fair value of the financial assets.

### *Other price risk*

The Group is exposed to equity price risk through its investments in equity securities measured at FVTPL and FVTOCI. The above financial instruments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market. The exposure of other price risk is considered to be insignificant. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

### **Credit risk and impairment assessment**

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is due to failure to discharge an obligation by the counterparties. The Group's credit risk is mainly associated with bank balances, time deposits with maturity over three months, bank deposits, restricted bank deposits, trade and other receivables and deposits paid to customers.

The Group mainly conducted transactions with customers with good quality and long term relationship, when accepting new customers, the Group considers the reputation of the customer before contract is signed. In order to minimise the credit risk, the management of the Group continuously monitors the credit quality and financial conditions of the debtors to ensure that follow-up action is taken to recover overdue debts.

To manage risk arising from trade and other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers and the credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors.

### *Trade receivables*

The Group reassesses lifetime ECL for trade receivables arising from contracts with customers to ensure that adequate impairment loss are made for significant increase in the likelihood or risk of a default occurring. The ECL on these assets are individually assessed for debtors with significant increases in credit risk or credit-impaired and collectively assessed based on internal credit ratings for the remaining balance. As part of the Group's credit risk management, the Group uses internal credit ratings to assess with the impairment for its customers because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping and assessment are regularly reviewed by management to ensure relevant information about specific debtors is updated.

### *Other receivables and deposits paid to customers*

For all other instruments including other receivables and deposits paid to customers, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.



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In determining the ECL for other receivables and deposits paid to customers, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, and concluded that credit risk inherent in the Group’s outstanding other receivables and deposits paid to customers is insignificant.

*Bank balances, restricted bank deposits, bank deposits and time deposits with maturity over three months*

The Group transacts with banks with high credit ratings. The credit risk for bank balances, bank deposits, restricted bank deposits and time deposits with maturity over three months as at 31 December 2021, 2022 and 2023 was considered as insignificant as such amounts were placed in reputable banks.

The Group has no significant concentration of credit risk on trade and other receivables with exposure spreading over a number of counterparties and customers.

The Group’s internal credit risk grading assessment comprises the following categories:

<b>Internal credit rating</b>	<b>Description</b>	<b>Trade receivables</b>	<b>Other financial assets/other items</b>
Low risk. . . . .	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL—not credit-impaired	12m ECL
Watch list. . . . .	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL—not credit-impaired	12m ECL
Doubtful. . . . .	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL—not credit-impaired	Lifetime ECL—not credit-impaired
Loss . . . . .	There is evidence indicating the asset is credit-impaired	Lifetime ECL—credit-impaired	Lifetime ECL—credit-impaired
Write-off . . . . .	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

The tables below detail the credit risk exposures of the Group’s financial assets, which are subject to ECL assessment:

<b>31 December 2021</b>	<b>Notes</b>	<b>External rating credit</b>	<b>Internal rating credit</b>	<b>12m or lifetime ECL</b>	<b>Gross carrying amount</b>
					<b>RMB’000</b>
<b>Financial assets at amortised cost</b>					
Trade receivables . . . . .	24	N/A	Note 1	Lifetime ECL (collective assessment)	67,419
		N/A	Doubtful	Lifetime ECL (individual assessment)	7,828
		N/A	Loss/Write-off	Lifetime ECL (individual assessment)	36,723
					111,970
Other receivables . . . . .	24	N/A	Note 2	12m ECL	522
Deposits paid to customers	25	N/A	Note 2	12m ECL	3,608
Restricted bank deposits . .	27	AA+	N/A	12m ECL	31,050
Time deposits with maturity over three months. . . . .	27	AA+	N/A	12m ECL	112,354
Cash and cash equivalents . . . . .	27	AA+	N/A	12m ECL	45,164
					111,970

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<u>31 December 2022</u>	<i>Notes</i>	<b>External rating credit</b>	<b>Internal rating credit</b>	<b>12m or lifetime ECL</b>	<b>Gross carrying amount</b>
					<b>RMB’000</b>
<b>Financial assets at amortised cost</b>					
Trade receivables . . . . .	24	N/A	Note 1	Lifetime ECL (collective assessment)	94,654
		N/A	Doubtful	Lifetime ECL (individual assessment)	802
		N/A	Loss/Write-off	Lifetime ECL (individual assessment)	37,265
					<hr/>
					132,721
Other receivables . . . . .	24	N/A	Note 2	12m ECL	1,006
Deposits paid to customers . .	25	N/A	Note 2	12m ECL	4,438
Restricted bank deposits . . .	27	AA+	N/A	12m ECL	50,010
Time deposits with maturity over three months . . . . .	27	AA+	N/A	12m ECL	20,482
Cash and cash equivalents . . . . .	27	AA+	N/A	12m ECL	138,241
					<hr/> <hr/>
<u>31 December 2023</u>	<i>Notes</i>	<b>External rating credit</b>	<b>Internal rating credit</b>	<b>12m or lifetime ECL</b>	<b>Gross carrying amount</b>
					<b>RMB’000</b>
<b>Financial assets at amortised cost</b>					
Trade receivables . . . . .	24	N/A	Note 1	Lifetime ECL (collective assessment)	98,454
		N/A	Doubtful	Lifetime ECL (individual assessment)	2,080
		N/A	Loss/ Write-Off	Lifetime ECL (individual assessment)	38,552
					<hr/>
					139,086
Other receivables . . . . .	24	N/A	Note 2	12m ECL	1,267
Deposits paid to customers . .	25	N/A	Note 2	12m ECL	5,166
Restricted bank deposits . . .	27	AA+	N/A	12m ECL	27,846
Cash and cash equivalents . . . . .	27	AA+	N/A	12m ECL	157,223
					<hr/> <hr/>

**Notes:**

- For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant increase in credit risk or credit-impaired, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.
- For other receivables and deposits paid to customers, the Group has applied the 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL.



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The following table shows the movements in lifetime ECL that have been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit- impaired)	Lifetime ECL (credit- impaired)	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2021 . . . . .	6,354	41,816	48,170
Changes due to financial instruments recognised as at 1 January 2021:			
— Transfer to credit-impaired . . . . .	(812)	812	–
— Impairment losses reversed . . . . .	(2,662)	–	(2,662)
— Impairment losses recognised . . . . .	2,570	–	2,570
— Written off during the year . . . . .	–	(5,905)	(5,905)
New financial assets originated . . . . .	201	–	201
As at 31 December 2021. . . . .	5,651	36,723	42,374
Changes due to financial instruments recognised as at 1 January 2022:			
— Transfer to credit-impaired . . . . .	(1,354)	1,354	–
— Impairment losses reversed . . . . .	(1,899)	–	(1,899)
— Written off during the year . . . . .	–	(812)	(812)
— Impairment losses recognised . . . . .	1,020	–	1,020
New financial assets originated . . . . .	1,390	–	1,390
As at 31 December 2022 . . . . .	4,808	37,265	42,073
Changes due to financial instruments recognised as at 1 January 2023:			
— Transfer to credit-impaired . . . . .	(1,421)	1,421	–
— Impairment losses reversed . . . . .	(1,748)	–	(1,748)
— Impairment losses recognised . . . . .	2,186	–	2,186
— Written off during the year . . . . .	–	(134)	(134)
New financial assets originated . . . . .	884	–	884
As at 31 December 2023. . . . .	<u>4,709</u>	<u>38,552</u>	<u>43,261</u>

**Liquidity Risk**

In the management of liquidity risk, the Group’s management monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s operations and mitigate the effects of unexpected fluctuations in cash flows.

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The following tables detail the Group’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived based on the interest rate outstanding at the end of each reporting periods.

	<b>Weighted average interest rate</b>	<b>Less than 1 year</b>	<b>More than 1 year but less than 2 years</b>	<b>More than 2 years but less than 5 years</b>	<b>Total undiscounted cash flows</b>	<b>Total carrying amount</b>
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December 2021</b>						
<b>Non-derivative financial liabilities</b>						
Borrowings . . . . .	4.35-6.50	39,466	–	–	39,466	38,223
Trade and other payables . . . . .	N/A	47,265	–	–	47,265	47,265
Lease liabilities . . . . .	4.75	1,852	295	430	2,577	2,475
		<u>88,583</u>	<u>295</u>	<u>430</u>	<u>89,308</u>	<u>87,963</u>
<b>At 31 December 2022</b>						
<b>Non-derivative financial liabilities</b>						
Borrowings . . . . .	3.70-6.50	36,500	–	–	36,500	35,542
Trade and other payables . . . . .	N/A	77,401	–	–	77,401	77,401
Lease liabilities . . . . .	4.75	2,492	1,858	227	4,577	4,385
		<u>116,393</u>	<u>1,858</u>	<u>227</u>	<u>118,478</u>	<u>117,328</u>
<b>At 31 December 2023</b>						
<b>Non-derivative financial liabilities</b>						
Borrowings . . . . .	3.60-4.90	44,415	–	–	44,415	43,417
Trade and other payables . . . . .	N/A	55,701	–	–	55,701	55,701
Lease liabilities . . . . .	4.75	2,404	433	27	2,864	2,750
		<u>102,520</u>	<u>433</u>	<u>27</u>	<u>102,980</u>	<u>101,868</u>

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**Fair values**

**(i) Financial instruments carried at fair value**

The Group measures its following financial instruments at fair value at the end of each of the reporting periods on a recurring basis:

Financial assets	Fair value as at 31 December 2021		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Fair value	Fair value hierarchy			
RMB'000					
Financial assets at FVTPL —Listed equity security . . . . .	96	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets at FVTPL —Unlisted funds . . . . .	130,284	Level 2	Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A
Equity instruments at FVTOCI —Unlisted equity investments . . . . .	14,722	Level 3	Market approach—In this approach, the fair value of the equity instruments was derived with reference to the EV/Sales LTM Multiple of comparable companies and DLOM	EV/Sales LTM Multiple of 1.5 and DLOM of 30% (Note)	The higher the EV/Sales LTM Multiple, the higher the fair value.  The higher the DLOM, the lower the fair value.
Financial assets	Fair value as at 31 December 2022		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	Fair value	Fair value hierarchy			
RMB'000					
Financial assets at FVTPL —Listed equity security . . . . .	64	Level 1	Quoted bid prices in an active market	N/A	N/A
Financial assets at FVTPL —Unlisted funds . . . . .	138,482	Level 2	Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A

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Financial assets	Fair value as at 31 December 2022		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	<b>RMB’000</b>					
Equity instruments at FVTOCI—Unlisted equity investment . . . . .	9,553	Level 3		Market approach—In this approach, the fair value of the equity instruments was derived with reference to the EV/Sales LTM Multiple of comparable companies and DLOM	EV/Sales LTM Multiple of 1.0 and DLOM of 30% ( <i>Note</i> )	The higher the EV/Sales LTM Multiple, the higher the fair value.  The higher the DLOM, the lower the fair value.
Financial assets	Fair value as at 31 December 2023		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	<b>RMB’000</b>					
Financial assets at FVTPL—Unlisted funds . . .	147,191	Level 2		Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A
Equity instruments at FVTOCI—Unlisted equity investments. . . . .	7,752	Level 3		Market approach—In this approach, the fair value of the equity instruments was derived with reference to the EV/Sales LTM Multiple of comparable companies and DLOM	EV/Sales LTM Multiple of 0.5 and DLOM of 30% ( <i>Note</i> )	The higher the EV/Sales LTM Multiple, the higher the fair value.  The higher the DLOM, the lower the fair value.
Financial assets at FVTPL—Unlisted trust . . .	11,135	Level 2		Price provided by the financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets	N/A	N/A

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*Note:* A slight increase in the EV/Sales LTM Multiple used in isolation would result in an increase in the fair value measurement of the equity instruments, and vice versa. A 5% increase/decrease in EV/Sales LTM Multiple, holding all other variables constant, would increase/decrease the carrying amount of the equity instruments at FVTOCI by RMB237,000, RMB51,000 and RMB7,000 as at 31 December 2021, 2022 and 2023, respectively.

A slight increase in the DLOM used in isolation would result in a decrease in the fair value measurement of the equity instruments, and vice versa. A 5% increase/decrease in DLOM, holding all other variables constant, would decrease/increase the carrying amount of the equity instruments at FVTOCI by RMB315,000, RMB205,000 and RMB166,000 as at 31 December 2021, 2022 and 2023, respectively.

**(ii) Reconciliation of Level 3 measurements**

The following table represents the reconciliation of Level 3 measurements throughout the Track Record Period.

	<b>Financial assets at FVTPL — Unlisted equity investments</b>	<b>Equity instruments at FVTOCI — Unlisted equity investments</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
As at 1 January 2021 . . . . .	–	25,878	25,878
Net loss in other comprehensive income . . . . .	–	(11,156)	(11,156)
At 31 December 2021. . . . .	–	14,722	14,722
Net loss in other comprehensive income . . . . .	–	(5,169)	(5,169)
Transfers into Level 3 . . . . .	98	–	98
Gain in fair value . . . . .	136	–	136
At 31 December 2022. . . . .	234	9,553	9,787
Net loss in other comprehensive income . . . . .	–	(1,801)	(1,801)
Loss in fair value . . . . .	(143)	–	(143)
At 31 December 2023. . . . .	91	7,752	7,843

**(iii) Fair values of financial instruments that are not measured at fair value**

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.



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### 36. RELATED PARTY TRANSACTIONS

During the years ended 31 December 2021, 2022 and 2023, the Group entered into transactions with the following related parties:

Name of the enterprises	Relationship with the Company
Mr. Zhu Lei . . . . .	A Controlling shareholder, an executive director, the chairman of the Board
Mr. Zhao Zhan . . . . .	An executive director and the chief executive officer of the Company
Ms. Qi Yunlu . . . . .	Spouse of executive director and the chief executive officer of the company
Dianmi Network Technology Co., Ltd. (“Dianmi”) . . . . .	A company controlled by a director of the Company
Yantai City Dijia . . . . .	Associate
Dijia Niumowang . . . . .	Associate
Jiujiang Dike . . . . .	Associate
Luoyang Dijiahui . . . . .	Associate
Yunnan Dijia . . . . .	Associate
Inner Mongolia Dijia . . . . .	Associate
Guiyang City Dijiaxin . . . . .	Associate
Gansu Dijia . . . . .	Associate

#### (a) Guarantees to bank borrowings by related parties

Details of guarantees to bank borrowings by related parties are set out in Note 30.

#### (b) Related party transactions

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Labor services expense to Dianmi . . . . .	409	–	–
Marketing services expense to Yantai City Dijia . . . . .	–	–	546
Marketing services expense to Dijia Niumowang . . . . .	–	–	866
Marketing services expense to Jiujiang Dike . . . . .	–	–	36
Marketing services expense to Luoyang Dijiahui . . . . .	–	–	219
Marketing services expense to Yunnan Dijia . . . . .	–	–	87
Marketing services expense to Inner Mongolia Dijia . . . . .	–	–	67
Marketing services expense to Guiyang Dijiaxin . . . . .	–	–	82
Marketing services expense to Gansu Dijia . . . . .	–	–	134
	<u>409</u>	<u>–</u>	<u>1,354</u>

#### (c) Compensation of key management personnel

Key management personnel of the Group represented Mr. Zhu Lei and Mr. Zhao Zhan, and their remuneration during the Track Record Period:

	Year ended 31 December		
	2021	2022	2023
	RMB’000	RMB’000	RMB’000
Salaries . . . . .	1,344	1,246	1,246
Retirement benefits scheme contributions . . . . .	52	52	52
Discretionary bonus . . . . .	113	113	56
	<u>1,509</u>	<u>1,411</u>	<u>1,354</u>

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**37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	<u>Borrowings</u>	<u>Lease liabilities</u>	<u>Prepaid/ accrued issue cost</u>	<u>Total</u>
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2021 . . . . .	27,234	4,179	–	31,413
New leases . . . . .	–	822	–	822
Financing cash flows . . . . .	9,218	(2,685)	(697)	5,836
Interest expenses accrued . . . . .	1,771	159	–	1,930
[REDACTED] . . . . .	–	–	[REDACTED]	[REDACTED]
At 31 December 2021. . . . .	38,223	2,475	(385)	40,313
New leases . . . . .	–	4,276	–	4,276
Financing cash flows . . . . .	(4,212)	(2,472)	(1,061)	(7,745)
Interest expenses accrued . . . . .	1,531	106	–	1,637
[REDACTED] . . . . .	–	–	[REDACTED]	[REDACTED]
At 31 December 2022. . . . .	35,542	4,385	691	40,618
New leases . . . . .	–	1,159	–	1,159
Financing cash flows . . . . .	5,766	(2,968)	(2,278)	520
Interest expenses accrued . . . . .	2,109	174	–	2,283
[REDACTED] . . . . .	–	–	[REDACTED]	[REDACTED]
At 31 December 2023. . . . .	<u>43,417</u>	<u>2,750</u>	<u>[REDACTED]</u>	<u>46,728</u>

**38. FINANCIAL INFORMATION OF THE COMPANY**

**(a) Investment in a subsidiary**

The amount represented the Company’s subscription of the subsidiary’s share at cost and its investment to the subsidiary.

**(b) Amounts due to subsidiaries**

The amounts due to subsidiaries as at 31 December 2023 mainly represented [REDACTED] and [REDACTED] paid on behalf of the Company by its subsidiaries.

**(c) The followings are the movements of the Company’s reserves from 12 January 2022 (date of incorporation) to 31 December 2023:**

	<u>Share premium</u>	<u>Accumulated losses</u>	<u>Total</u>
	RMB’000	RMB’000	RMB’000
At 12 January 2022 (date of incorporation) and 31 December 2022 . . . . .	–	–	–
Issue of shares (Note 32) . . . . .	245,409	–	245,409
Loss for the period. . . . .	–	(7,357)	(7,357)
At 31 December 2023. . . . .	<u>245,409</u>	<u>(7,357)</u>	<u>238,052</u>

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39. PARTICULARS OF SUBSIDIARIES

During the Track Record Period and as at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
			%	%	%	%		
Directly held:								
Carlink Future Inc. (Note b) (車聯未來有限公司) . . . . .	BVI business company with liability limited by shares	BVI 23 January 2022	USD1/USD1	N/A	100	100	100	Investment Holding
Indirectly held:								
Carlink HK (Note b) (車聯香港有限公司) . . . . .	Limited liability company	Hong Kong 8 February 2022	HK\$1/HK\$1	N/A	100	100	100	Investment Holding
Guanglian Shuke (Note a) . . . . .	Limited liability company	PRC 28 November 2012	RMB110,000,000 (31 December 2022: RMB100,000,000)/ RMB110,000,000 (31 December 2022: RMB100,000,000)	100	100	100	100	Provision of products and services of automotive aftermarket
Guanglian Saixun (Note a) (深圳廣聯賽訊股份有限公司) . . . . .	Limited liability company	PRC 4 May 2012	RMB31,104,000 (31 December 2022: RMB60,000,000)/ RMB31,104,000 (31 December 2022: RMB60,000,000)	100	100	100	100	Internet information service and geolocation service
Dijia Smart Cloud (Note a & b) . . . . .	Limited liability company	PRC 23 July 2015	RMB5,000,000/ RMB5,000,000	100	100	100	100	Providing marketing software operation service
Tianjin Chejia (Note a & b) . . . . .	Limited liability company	PRC 9 December 2019	RMB10,000,000/ RMB10,000,000	73	100	100	100	Vehicle-connected technology service and sales of smart in-vehicle equipment

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
			%	%	%	%		
Shenzhen Hanhuaxing Technology Co., Ltd. ("Hanhuaxing Technology") (Note a) (深圳市瀚華興科技有限公司) . . . . .	Limited liability company	PRC 16 May 2013	RMB1,000,000/ RMB10,000,000	100	100	100	100	Purchase of data traffic
Chongqing Dijia Technology Co., Ltd. (Note b) (重慶市嘀加科技有限公司) . . . . .	Limited liability company	PRC 12 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Technology Co., Ltd. (Note b) (成都市嘀加科技有限公司) . . . . .	Limited liability company	PRC 19 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Guiyang Dijia Technology Co., Ltd. (Note b) (貴陽市嘀加科技有限公司) . . . . .	Limited liability company	PRC 23 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Dijia Technology Co., Ltd. (Note b) (深圳市嘀加科技有限公司) . . . . .	Limited liability company	PRC 25 May 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Digital Technology Co., Ltd. (Note b) (成都市嘀加數科科技有限公司) . . . . .	Limited liability company	PRC 16 June 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dijia Digital Technology Co., Ltd. (Note b) (重慶市嘀加數科科技有限公司) . . . . .	Limited liability company	PRC 16 June 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (成都市嘀加智慧雲汽車服務有限公司) . . . . .	Limited liability company	PRC 22 June 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023	%	%
Hefei Dijia Technology Co., Ltd. (Note b) (Note c) (合肥市嘀加科技有限公司) . . . . .	Limited liability company	PRC 4 July 2022	Nil/RMB100,000	N/A	100	100	N/A	SaaS marketing and management services
Zoucheng Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (Note c) (鄒城市嘀加智慧雲汽車服務有限公司) . . . . .	Limited liability company	PRC 4 July 2022	Nil/RMB100,000	N/A	100	100	N/A	SaaS marketing and management services
Foshan Dijia Technology Co., Ltd. (Note b) (佛山市嘀加科技有限公司) . . . . .	Limited liability company	PRC 6 July 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Nanchang Shujia Automobile Service Co., Ltd. (Note b) (南昌數加汽車服務有限公司) . . . . .	Limited liability company	PRC 7 July 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Guiyang Dijia Digital Technology Co., Ltd. (Note b) (貴陽市嘀加數科科技有限公司) . . . . .	Limited liability company	PRC 10 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Zhiyun Technology Co., Ltd. (Note b) (成都市嘀加智雲科技有限公司) . . . . .	Limited liability company	PRC 16 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Dijia Zhiyun Technology Co., Ltd. (Note b) (深圳市嘀加智雲科技有限公司) . . . . .	Limited liability company	PRC 16 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dijia Huiyun Technology Co., Ltd. (Note b) (成都市嘀加慧雲科技有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Chengdu Dijia Saixun Technology Co., Ltd. (Note b) (成都市喃加賽訊科技有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dijia Saixun Technology Co., Ltd. (Note b) (重慶市喃加賽訊科技有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dijia Zhiyun Technology Co., Ltd. (Note b) (重慶市喃加智雲科技有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dike Technology Co., Ltd. (Note b) (重慶市喃科科技有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dixiang Automobile Service Co., Ltd. (Note b) (重慶市喃享汽車服務有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Shujia Technology Co., Ltd. (Note b) (重慶市數加科技有限公司) . . . . .	Limited liability company	PRC 18 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (濟南市喃加智慧雲汽車服務有限公司) . . . . .	Limited liability company	PRC 19 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Dijia Digital Technology Co., Ltd. (Note b) (深圳市喃加數科科技有限公司) . . . . .	Limited liability company	PRC 19 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Chengdu Dijia Zhixiang Technology Co., Ltd. (Note b) (成都市嘀加智享科技有限公司) . . . . .	Limited liability company	PRC 22 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Zibo Dijia Shuke Automobile Service Co., Ltd. (Note b) (淄博市嘀加數科汽車服務有限公司) . . . . .	Limited liability company	PRC 23 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Zibo Dijia Automobile Service Co., Ltd. (Note b) (淄博市嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 24 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Guiyang Dijia Smart Cloud Technology Co., Ltd. (Note b) (貴陽市嘀加智慧雲科技有限公司) . . . . .	Limited liability company	PRC 29 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijia Automobile Service Co., Ltd. (Note b) (濟南市嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 29 August 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijia Shuke Automobile Service Co., Ltd. (Note b) (濟南市嘀加數科汽車服務有限公司) . . . . .	Limited liability company	PRC 29 September 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dichengfang Technology Co., Ltd. (Note b) (重慶市嘀乘方科技有限公司) . . . . .	Limited liability company	PRC 29 September 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Dichengfang Technology Co., Ltd. (Note b) (成都市嘀乘方科技有限公司) . . . . .	Limited liability company	PRC 8 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023	%	%
Chengdu Dichengshujia Technology Co., Ltd. (Note b) (成都市喃乘數加科技有限公司) . . . . .	Limited liability company	PRC 10 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shijiazhuang Dijia Shuke Technology Co., Ltd. (Note b) (石家莊市喃加數科科技有限公司) . . . . .	Limited liability company	PRC 14 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Saixun Zhiyun Technology Co., Ltd. (Note b) (重慶市賽訊智雲科技有限公司) . . . . .	Limited liability company	PRC 24 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chongqing Dichengshujia Technology Co., Ltd. (Note b) (重慶市喃乘數加科技有限公司) . . . . .	Limited liability company	PRC 25 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Saixun Huiyun Technology Co., Ltd. (Note b) (成都市賽訊慧雲科技有限公司) . . . . .	Limited liability company	PRC 27 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shanghai Dijia Smart Cloud Automobile Service Co., Ltd. (Note b) (上海喃加智慧雲汽車服務有限公司) . . . . .	Limited liability company	PRC 27 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Chengdu Shuke Zhiyun Technology Co., Ltd. (Note b) (成都市數科智雲科技有限公司) . . . . .	Limited liability company	PRC 28 October 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shenzhen Saixun Huiyun Technology Co., Ltd. (Note b) (深圳市賽訊慧雲科技有限公司) . . . . .	Limited liability company	PRC 9 November 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services



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				31 December				
				2021	2022	2023		
				%	%	%	%	
Shenzhen Shuke Smart Technology Co., Ltd. (Note b) (深圳市數科智慧科技有限公司) . . . . .	Limited liability company	PRC 9 November 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Tianjin Dijia Automobile Service Co., Ltd. (Note b) (天津市嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 7 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Kunming Dijia Automobile Service Co., Ltd. (Note b) (昆明嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 19 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dicheng Automobile Service Co., Ltd. (Note b) (濟南市嘀乘汽車服務有限公司) . . . . .	Limited liability company	PRC 22 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Jinan Dijiasai Communication Technology Co., Ltd. (Note b) (濟南市嘀加賽通訊科技有限公司) . . . . .	Limited liability company	PRC 23 December 2022	Nil/RMB100,000	N/A	100	100	100	SaaS marketing and management services
Shanxi Hantu Dijia Technology Co., Ltd. (Note b) (陝西悍途滴加科技有限公司) . . . . .	Limited liability company	PRC 20 October 2023	RMB650,000/ RMB3,000,000	N/A	N/A	51	51	SaaS marketing and management services
Haikou Dijia Technology Co., Ltd. (Note b) (海口市嘀加科技有限公司) . . . . .	Limited liability company	PRC 27 July 2023	Nil/RMB100,000	N/A	N/A	100	100	Wholesales and retail trade
Chengdu Dijia Feitian Technology Co., Ltd. (Note b) (成都市嘀加飛天科技有限公司) . . . . .	Limited liability company	PRC 6 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services

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Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Chengdu Dijia Chengxun Technology Co., Ltd. (Note b) (成都市嘀加乘訊科技有限公司) . . .	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Guiyang Xunke Technology Co., Ltd. (Note b) (貴陽市訊科技術有限公司) . . . . .	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Anshun Xunke Automobile Service Co., Ltd. (Note b) (安順市訊科汽車服務有限公司) . . . . .	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Jinan Shuke Information Technology Co., Ltd. (Note b) (濟南市數科信息科技有限公司) . . .	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Jinan Dijia Information Technology Co., Ltd. (Note b) (濟南市嘀加信息科技有限公司) . . .	Limited liability company	PRC 1 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Yantai Dike Automotive Service Co., Ltd. (Note b) (煙台市嘀科汽車服務有限公司) . . . . .	Limited liability company	PRC 5 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Yantai Shujia Information Technology Co., Ltd. (Note b) (煙台市數加信息科技有限公司) . . .	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Urumqi Dijia Information Technology Co., Ltd. (Note b) (烏魯木齊嘀加信息科技有限公司) . . .	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Urumqi Dike Information Technology Co., Ltd. (Note b) (烏魯木齊嘀科信息技術有限公司)	Limited liability company	PRC 7 September 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Luoyang Dike Automobile Service Co., Ltd. (Note b) (洛陽市嘀科汽車服務有限公司)	Limited liability company	PRC 20 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Huangshi Dike Automotive Service Co., Ltd. (Note b) (黃石嘀科汽車服務有限公司)	Limited liability company	PRC 19 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Jiujiang Dijia Automobile Service Co., Ltd. (Note b) (九江嘀加汽車服務有限公司)	Limited liability company	PRC 31 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Ewenki Autonomous Banner Dike Automobile Service Co., Ltd. (Note b) (鄂溫克族自治旗嘀科汽車服務有限公司)	Limited liability company	PRC 20 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Zhangye Dike Automobile Service Co., Ltd. (Note b) (張掖市嘀科汽車服務有限公司)	Limited liability company	PRC 30 October 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Xi'an Dijia Automobile Service Co., Ltd. (Note b) (西安嘀加汽車服務有限公司)	Limited liability company	PRC 13 November 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services
Xi'an Dike Automotive Service Co., Ltd. (Note b) (西安嘀科汽車服務有限公司)	Limited liability company	PRC 13 November 2023	Nil/RMB100,000	N/A	N/A	100	100	SaaS marketing and management services

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				31 December				
				2021	2022	2023		
				%	%	%	%	
Lanzhou Dijia Auto Service Co., Ltd. (Note b) (蘭州市嘀加汽車服務有限公司) . . .	Limited liability company	PRC 29 January 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Xining Dijia Auto Service Co., Ltd. (Note b) (西寧嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 22 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Puyang Dike Auto Service Co., Ltd. (Note b) (濮陽市嘀科汽車服務有限公司) . . . . .	Limited liability company	PRC 23 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Lanzhou Dike Auto Service Co., Ltd. (Note b) (蘭州市嘀科汽車服務有限公司) . . . . .	Limited liability company	PRC 26 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Xinyang City Pingqiao District Dijia Auto Service Co., Ltd. (Note b) (信陽市平橋區嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 27 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Beihai Dijia Auto Technology Service Co., Ltd. (Note b) (北海嘀加汽車技術服務有限公司) . . . . .	Limited liability company	PRC 28 February 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Zhengzhou Dike Auto Service Co., Ltd. (Note b) (鄭州市嘀科汽車服務有限公司) . . . . .	Limited liability company	PRC 4 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Beijing Dijia Auto Service Co., Ltd. (Note b) (北京嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 8 March 2024	Nil/RMB2,000,000	N/A	N/A	N/A	100	SaaS marketing and management services

**APPENDIX I**

**ACCOUNTANTS’ REPORT**

Name of subsidiaries	Legal form	Place and date of establishment/ incorporation	Issued fully paid share capital/ registered capital	Shareholding/ equity interest attributable to the Company as at			At the date of this report	Principal activities
				31 December				
				2021	2022	2023		
				%	%	%	%	
Yinchuan Dijia Auto Service Co., Ltd. (Note b) (銀川嘀加汽車服務有限公司) . . .	Limited liability company	PRC 20 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Yinchuan Shujia Auto Service Co., Ltd. (Note b) (銀川數加汽車服務有限公司) . . .	Limited liability company	PRC 20 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services
Hohhot Dijia Auto Service Co., Ltd. (Note b) (呼和浩特市嘀加汽車服務有限公司) . . . . .	Limited liability company	PRC 22 March 2024	Nil/RMB100,000	N/A	N/A	N/A	100	SaaS marketing and management services

The English translation of the names of the above companies is for reference only. The official names of these entities are in Chinese.

All entities now comprising the Group are limited liability companies and have adopted 31 December as their financial year end date.

**Notes:**

- (a) The statutory financial statements of these subsidiaries established in the PRC were prepared in accordance with the relevant accounting principles and regulations in the PRC. The statutory financial statements for below subsidiaries for the years ended 31 December 2021 and 2022 were audited by the following certified public accountants registered in the PRC:

**Subsidiaries**

Guanglian Shuke  
Guanglian Saixun  
Hanhuaxing Technology  
Dijia Smart Cloud  
Tianjin Chejia

**Year ended 31 December 2021**

深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司

**Subsidiaries**

Guanglian Shuke  
Guanglian Saixun  
Hanhuaxing Technology  
Dijia Smart Cloud  
Tianjin Chejia

**Year ended 31 December 2022**

深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司  
深圳普天會計師事務所有限公司

## APPENDIX I

## ACCOUNTANTS’ REPORT

- (b) No audited financial statements of other entities comprising the Group have been prepared since there are no statutory audit requirements in those jurisdictions or the corresponding statutory audits have not been completed.
- (c) Hefei Dijia Technology Co., Ltd. and Zoucheng Dijia Smart Cloud Automobile Service Co., Ltd. were deregistered on 24 June 2024 and 20 June 2024 respectively.

None of the entities comprising the Group had issued any debt securities at the end of each reporting period.

### 40. SUBSEQUENT EVENTS

Subsequent to 31 December 2023, the following significant event took place:

[On [18 June 2024], the written resolution of the shareholders were passed to approve the matters set out in “Appendix IV—Statutory and General Information—Written Resolutions of our Shareholders passed on [18 June 2024]” to the Document. It was resolved, among other things, conditional on the share premium account having sufficient balance, or otherwise being credited as a result of the [REDACTED] and [REDACTED] of the shares pursuant to the [REDACTED], the Directors were authorised to capitalise USD[REDACTED] standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par [REDACTED] shares for [REDACTED] and [REDACTED] to the holders of shares whose names appear on the register of members or principal share register of the Company at the close of business on [REDACTED] in proportion to their then existing respective shareholdings in the Company.]

### 41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of the subsidiaries have been prepared in respect of any period subsequent to 31 December 2023.

**APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION**

The information set out in this appendix does not form part of the accountants’ report on the historical financial information of the Group for the Track Record Period (the “Accountants’ Report”) prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this document, and is included in this document for information only.

The unaudited [REDACTED] financial information should be read in conjunction with the section headed “Financial Information” in this document and the Accountants’ Report set out in Appendix I to this document.

**A. UNAUDITED [REDACTED] STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is set out below to illustrate the effect of the [REDACTED] on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company at 31 December 2023 as if the [REDACTED] had taken place on that date.

The unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 or any future dates following the [REDACTED].

The following unaudited [REDACTED] statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 as derived from the Accountants’ Report, the text of which is set out in Appendix I to this document, and adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023	Estimated [REDACTED] from the [REDACTED]	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023	Unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 per Share	
	RMB’000 (Note 1)	RMB’000 (Note 2)	RMB’000	RMB (Note 3)	HK\$ (Note 4)
Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] Share . . . . .	[340,053]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED] Share . . . . .	[340,053]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

## APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION

*Notes:*

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 is based on the consolidated net assets of the Group attributable to owners of the Company amounted to RMB[365,412,000], with adjustments for intangible assets of the Group as at 31 December 2023 of RMB[25,359,000] extracted from the Accountants’ Report set out in Appendix I to this document.
2. The estimated [REDACTED] from the [REDACTED] are based on [REDACTED] to be [REDACTED] at the [REDACTED] of HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED] Share, being the low end and high end of the indicated [REDACTED] range respectively, after deduction of the estimated [REDACTED] and share [REDACTED] (including [REDACTED] fees and other related expenses) incurred or expected to be incurred by the Group, other than those expenses which had been recognised in profit or loss prior to 31 December 2023. The calculation of such estimated [REDACTED] does not take into account any Shares to be [REDACTED] upon the exercise of any options granted under Share Option Scheme or any Shares which may be [REDACTED] or repurchased by the Company pursuant to the “General mandate to allot and issue shares” or “General mandate to repurchase shares” under the section headed “Share capital” in this document, as the case may be.

For the purpose of calculating the estimated [REDACTED] from the [REDACTED], the amount denominated in Hong Kong dollars has been translated into Renminbi at an exchange rate of HK\$[1.0972] to RMB1.00, which was the exchange rate prevailing on [19 June 2024] with reference to the rate published by the People’s Bank of China. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi, or vice versa, at that rate or at any other rates or at all.

Subsequent to 31 December 2023, the following significant event took place: [On [18 June 2024], the written resolution of the shareholders were passed to approve the matters set out in “Appendix IV—Statutory and General Information—Written Resolutions of our Shareholders passed on [18 June 2024]” to the Document. It was resolved, among other things, conditional on the share premium account having sufficient balance, or otherwise being credited as a result of the [REDACTED] and [REDACTED] of the shares pursuant to the [REDACTED], the Directors were authorised to capitalise USD[REDACTED] standing to the credit of the share premium account of the Company by applying that sum in paying up in full at par [REDACTED] shares for allotment and issue to the holders of shares whose names appear on the register of members or principal share register of the Company at the close of business on [REDACTED] in proportion to their then existing respective shareholdings in the Company.]

3. The number of shares used for the calculation of unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is based on [REDACTED] Shares outstanding immediately following completion of the [REDACTED] (being disclosed as subsequent events in Note 40 to the Appendix I to the document) and the [REDACTED]. It does not take into account any Shares to be [REDACTED] upon the exercise of any options granted under Share Option Scheme or any Shares which may be [REDACTED] or repurchased by the Company pursuant to the “General mandate to allot and issue shares” or “General mandate to repurchase shares” under the section headed “Share capital” in this document, as the case may be.
4. The unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is translated from Renminbi to Hong Kong dollars at the rate of RMB1.00 to HK\$[1.0972], which was the exchange rate prevailing on [19 June 2024] with reference to the rate published by the People’s Bank of China. No representation is made that the Renminbi amounts have been, would have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
5. Save as disclosed above, no adjustment has been made to the unaudited [REDACTED] adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2023 to reflect any operating result or other transactions of the Group entered into subsequent to 31 December 2023.



**APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION**

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[REDACTED]

**APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION**

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[REDACTED]

**APPENDIX II UNAUDITED [REDACTED] FINANCIAL INFORMATION**

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[REDACTED]

**APPENDIX III**

**SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2022 under the Cayman Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

**1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

**2. ARTICLES OF ASSOCIATION**

The Articles were conditionally adopted on 18 June 2024 with effect from the [REDACTED]. A summary of certain provisions of the Articles is set out below.

**(a) Shares**

**(i) Classes of shares**

The share capital of the Company consists of ordinary shares.

**(ii) Variation of rights of existing shares or classes of shares**

Subject to the Cayman Companies Act, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the members together holding not less than three-fourths of the voting rights of issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis*

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*mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

**(iii) Alteration of capital**

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

**(iv) Transfer of shares**

Subject to the Cayman Companies Act and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

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The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine and by sending a notice to the members, which may be extended for no more than another 30 days in respect of any year by an ordinary resolution of the members passed in that year.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

***(v) Power of the Company to purchase its own shares***

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

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**SUMMARY OF THE CONSTITUTION OF OUR COMPANY  
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***(vi) Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

***(vii) Calls on shares and forfeiture of shares***

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the

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Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

**(b) Directors**

**(i) *Appointment, retirement and removal***

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.



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A Director may be removed by members of the Company by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by an ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resigns;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or
- (hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

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***(ii) Power to allot and issue shares and warrants***

Subject to the provisions of the Cayman Companies Act, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by an ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Act, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

***(iii) Power to dispose of the assets of the Company or any of its subsidiaries***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by

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the Company and which are not required by the Articles or the Cayman Companies Act to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

**(iv) *Borrowing powers***

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Act, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

**(v) *Remuneration***

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board goes beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate

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allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

***(vi) Compensation or payments for loss of office***

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

***(vii) Loans and provision of security for loans to Directors***

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

***(viii) Financial assistance to purchase Shares***

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to give, directly or indirectly, by means of a loan, a guarantee, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares or warrants or other securities in the Company or any company which is a holding company of the Company.

***(ix) Disclosure of interest in contracts with the Company or any of its subsidiaries***

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefit received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

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- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefit scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

**(x) *Proceedings of the Board***

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

**(c) *Alterations to the constitutional documents and the Company's name***

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

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**(d) Meetings of member**

**(i) *Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under the Cayman Companies Act, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

**(ii) *Voting rights and right to demand a poll***

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

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At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, in good faith and pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or an administrative matter to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company, or (where appropriate and subject to the Companies Act) at any meeting of creditors of the Company, provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands and the right to speak.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

***(iii) Annual general meetings***

The Company shall hold an annual general meeting each financial year other than the financial year of the Company's adoption of the Articles; and such annual general meeting must be held within six (6) months after the end of the Company's financial year (unless a longer period would not infringe the Listing Rules), at such time and place as may be determined by the Board.



***(iv) Requisition of general meetings***

Extraordinary general meetings may be convened on the requisition of one or more members holding, at the date of deposit of the requisition, shares in the share capital of the Company that represent not less than one tenth of the voting rights at general meetings of the Company on a one vote pre-share basis. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

***(v) Notices of meetings and business to be conducted***

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Act and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

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All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

***(vi) Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote or, for quorum purpose only, two persons appointed by the clearing house as authorised representative(s) or proxy(ies). In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

***(vii) Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend, speak and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and attend, speak and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend, speak and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

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***(viii) Right to Speak***

All members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

**(e) Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Act (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions. The financial year end of the Company shall be 31 December in each calendar year or as otherwise determined by the Board.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Act or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The requirement to send to a person the documents referred herein or a summary financial report shall be deemed satisfied where, in accordance with the Cayman Companies Act, the Electronic Transactions Act and the Listing Rules, the Company publishes copies of the documents and, if applicable, a summary financial report, on the Company's computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company's obligation to send to him a copy of such documents.

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The members of the Company may by an ordinary resolution appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by or on the authority of the members of the Company in the general meeting by an ordinary resolution or in such manner as the members may determine.

The members may, at a general meeting remove the auditor(s) by an ordinary resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

Subject to the Listing Rules, the Board may fill any casual vacancy in the office of auditor(s), but while any such vacancy continues the surviving or continuing auditor(s) (if any) may act, and the remuneration of any auditor(s) appointed by the Board may be fixed by the Board. Such auditor(s) shall hold office until the next following annual general meeting of the Company after his appointment and shall then be eligible for re-appointment by the members at such remuneration to be fixed by or on the authority of the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

**(f) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

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- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by an ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

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All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

**(g) Inspection of corporate records**

For so long as any part of the share capital of the Company is [REDACTED] on the Stock Exchange, except when the register of members is closed, the register of members in Hong Kong shall during business hours be kept open to inspection by any member without charge and any member may require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

**(h) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(i) Procedures on liquidation**

A resolution that the Company be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

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- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Act, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

**(j) Subscription rights reserve**

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Act, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

**3. CAYMAN ISLANDS COMPANY LAW**

The Company was incorporated in the Cayman Islands as an exempted company on 12 January 2022 subject to the Cayman Companies Act. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Act and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**(a) Company operations**

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

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**(b) Share capital**

Under the Cayman Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Act;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

**(c) Financial assistance to purchase shares of a company or its holding company**

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.



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**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

Subject to a solvency test, as prescribed in the Cayman Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

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For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

**(g) Disposal of assets**

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

**(h) Accounting and auditing requirements**

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2017 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

**(j) Taxation**

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

**(m) Inspection of corporate records**

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

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**(n) Register of members**

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

**(o) Register of Directors and officers**

Pursuant to the Cayman Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

**(p) Winding up**

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

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In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

**(q) Reconstructions**

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

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**(r) Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

**(s) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

**4. GENERAL**

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Act, is available on display as referred to in the paragraph headed "B. Documents on Display" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

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### A. FURTHER INFORMATION ABOUT OUR GROUP

#### 1. Incorporation of Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act on 12 January 2022.

As the Company was incorporated in the Cayman Islands, we operate subject to the relevant laws and regulations of the Cayman Islands and our constitution which comprises the Memorandum of Association and the Articles of Association. A summary of the Cayman Islands company law and of our Company’s constitution is set out in Appendix III to this document.

#### 2. Changes in the Share Capital of Our Company

##### *(a) Changes in share capital*

- (i) As at the date of incorporation of our Company, the authorised share capital was US\$50,000.00 divided into 500,000,000 Shares having a par value of USD0.0001 each.
- (ii) Immediately following completion of the [REDACTED] and the [REDACTED], our authorised share capital will be US\$[REDACTED] divided into [REDACTED] Shares, of which [REDACTED] Shares will be [REDACTED] as fully paid or credited as fully paid, and [REDACTED] Shares will remain [REDACTED].
- (iii) There is no present intention to [REDACTED] any of the authorised but [REDACTED] share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made.

Save as disclosed herein and in “—Further Information About Our Group—3. Written Resolutions of our Shareholders passed on 18 June 2024” and “—Further Information About Our Group—4. Group reorganisation” of this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

##### *(b) Founder shares*

Our Company has no founder shares, management shares or deferred shares.

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### 3. Written Resolutions of our Shareholders passed on 18 June 2024

Pursuant to written resolutions of our Shareholders passed on 18 June 2024:

- (a) our Company approved and adopted the Memorandum of Association and the Articles of Association conditionally upon the fulfillment of the conditions (as defined below) and with effect from the [REDACTED];
- (b) conditional on (aa) the Stock Exchange granting the [REDACTED] of, and permission to [REDACTED] in, the Shares in [REDACTED] and to be [REDACTED] as mentioned in this document, and such [REDACTED] and permission not having been subsequently revoked prior to the commencement of [REDACTED] in the Shares on the Stock Exchange; (bb) the [REDACTED] having been duly determined; (cc) the execution and delivery of the [REDACTED] Agreements; and (dd) the obligations of the [REDACTED] under each of the [REDACTED] Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) thereunder by the Sole Sponsor, on behalf of the [REDACTED]) and not being terminated in accordance with the respective terms of the [REDACTED] Agreements or otherwise (together the "Conditions"), in each case, on or before the day falling 30 days after the date of this document:
  - (i) the [REDACTED] was approved and our Directors or any committee of the Board were authorised to [REDACTED] and [REDACTED] the [REDACTED] pursuant to the [REDACTED];
  - (ii) the rules of the Share Option Scheme, the principal terms of which are set forth in the paragraph headed "D. Share Option Scheme" in this Appendix, were approved and adopted with effect from the [REDACTED] and our Directors were authorised to grant options to subscribe for Shares thereunder and to [REDACTED], [REDACTED] and [REDACTED] with the Shares pursuant to the exercise of the options which may be granted under the Share Option Scheme and to take all such actions as may be necessary and/or desirable to implement and give effect to the Share Option Scheme;
  - (iii) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the [REDACTED] and [REDACTED] of the [REDACTED] pursuant to the [REDACTED], our Directors or any committee of the Board were authorised to capitalise US\$[REDACTED] standing to the credit of the share premium account of our Company by applying that sum in paying up in full at par [REDACTED] Shares for [REDACTED] and [REDACTED] to the holders of Shares whose names appear on the register of members or principal share register of our Company at the close of business on the date which the said resolution is passed (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be [REDACTED] and [REDACTED]) to their then existing respective shareholdings in our Company and so that the Shares to be [REDACTED] and [REDACTED] pursuant to this resolution shall rank *pari passu* in all respects with the then existing [REDACTED] Shares and our Directors were authorised to give effect to such [REDACTED];



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- (iv) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles of Association, or pursuant to exercise of rights of subscription or conversion attaching to any warrants of our Company or any securities which are convertible into Shares, or under the [REDACTED], an aggregate number of Shares not exceeding the sum of (aa) 20% of the aggregate number of Shares in [REDACTED] immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any treasury shares that the Company held by and any Shares to be [REDACTED] upon the exercise of any options that may be granted under the Share Option Scheme) and (bb) the aggregate number of Shares which may be purchased by us pursuant to the authority granted to the Directors as referred to in subparagraph (iv) below, until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Act or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;
- (v) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be [REDACTED] or recognised by the SFC and the Stock Exchange for this purpose with an aggregate number of Shares not exceeding 10% of the aggregate number of Shares in [REDACTED] immediately following the completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be [REDACTED] upon the exercise of any options that may be granted under the Share Option Scheme and any treasury Shares held by our Company) until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Act or any applicable law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and
- (vi) the extension of the general mandate to allot, issue and deal with Shares to include the number of Shares which may be purchased or repurchased pursuant to paragraph (iv) above.

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### 4. Group reorganisation

The companies comprising our Group underwent a reorganisation to rationalise our Group’s structure in preparation for the [REDACTED] of the Shares on the Stock Exchange, details of which are set out in “History, Reorganisation and Corporate Structure—Reorganisation” in this document.

### 5. Changes in share capital of our subsidiaries

Our subsidiaries during the Track Record Period are listed in the Accountants’ Report set out in Appendix I to this document. Save for the subsidiaries mentioned in the Accountant’s Report, we do not have any other subsidiaries during the Track Record Period.

The following subsidiaries of our Group have been established subsequent to the end of the Track Record Period and within two years immediately preceding the date of this document:

<u>Name of Subsidiaries</u>	<u>Place of Establishment</u>	<u>Date of Establishment</u>
Lanzhou Dijia Auto Service Co., Ltd. (蘭州市嘀加汽車服務有限公司) . . . . .	PRC	29 January 2024
Xining Dijia Auto Service Co., Ltd. (西寧嘀加汽車服務有限公司) . . . . .	PRC	22 February 2024
Puyang Dike Auto Service Co., Ltd. (濮陽市嘀科汽車服務有限公司) . . . . .	PRC	23 February 2024
Lanzhou Dike Auto Service Co., Ltd. (蘭州市嘀科汽車服務有限公司) . . . . .	PRC	26 February 2024
Xinyang City Pingqiao District Dijia Auto Service Co., Ltd. (信陽市平橋區嘀加汽車服務 有限公司). . . . .	PRC	27 February 2024
Beihai Dijia Auto Technology Service Co., Ltd. (北海嘀加汽車技術服務有限公司). . . . .	PRC	28 February 2024
Zhengzhou Dike Auto Service Co., Ltd. (鄭州市嘀科汽車服務有限公司) . . . . .	PRC	4 March 2024
Beijing Dijia Auto Service Co., Ltd. (北京嘀加汽車服務有限公司) . . . . .	PRC	8 March 2024
Yinchuan Dijia Auto Service Co., Ltd. (銀川嘀加汽車服務有限公司) . . . . .	PRC	20 March 2024
Yinchuan Shujia Auto Service Co., Ltd. (銀川數加汽車服務有限公司) . . . . .	PRC	20 March 2024
Hohhot Dijia Auto Service Co., Ltd. (呼和浩特市嘀加汽車服務有限公司) . . . . .	PRC	22 March 2024

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Save as disclosed in “History, Reorganisation and Corporate Structure—Our Corporate Development” and “History, Reorganisation and Corporate Structure—Reorganisation” in this document, no alterations in the share capital of each of our Company’s principal subsidiaries took place within the two years immediately preceding the date of this document.

### 6. Repurchase by our Company of our own securities

This paragraph includes information required by the Stock Exchange to be included in this document concerning the repurchase by our Company of our own securities.

#### *(a) Shareholders’ approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company [REDACTED] on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by our Shareholders on 18 June 2024, the Repurchase Mandate was given to our Directors to exercise all the powers of the Company to repurchase Shares on the Stock Exchange or any other stock exchange on which our securities may be [REDACTED] or recognised by the SFC and the Stock Exchange for this purpose with an aggregate number of Shares not exceeding 10% of the aggregate number of Shares in [REDACTED] immediately following completion of the [REDACTED] and the [REDACTED] (without taking into account any Shares to be [REDACTED] upon the exercise of any options that may be granted under the Share Option Scheme and any treasury Shares held by the Company) until the conclusion of our next annual general meeting, or the date by which our next annual general meeting is required by the Articles of Association, the Companies Act or any applicable law to be held, or the passing of an ordinary resolution by Shareholders revoking or varying the authority given to our Directors, whichever occurs first.

#### *(b) Source of funds*

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Island. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Companies Act, any repurchases by our Company may be made out of our Company’s profits, out of our Company’s share premium account, or out of the proceeds of a issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to the Companies Act, out of capital. Any premium payable on a repurchase over the par value of the

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Shares to be repurchased must be provided for out of either of both our Company's profits or our Company's share premium account before or at time the Shares are repurchased, or, if authorised by the Articles of Association and subject to the provisions of the Companies Act, out of capital.

### **(c) *Reasons for repurchases***

Our Directors believe that it is in the best interest of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

### **(d) *Impact of repurchases***

On the basis of our current financial position as disclosed in this document and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared to the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or our gearing levels which, in the opinion of our Directors, are from time to time appropriate for us.

### **(e) *General***

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] Shares in issue immediately after the [REDACTED], would result in up to [REDACTED] Shares being repurchased by us during the period in which the Repurchase Mandate remains in force.

Our Directors confirm that neither the explanatory statement of the Repurchase Mandate as provided to our Shareholders in connection with the written resolutions of our Shareholders passed on 18 June 2024 nor the proposed Share repurchase has any unusual features.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule

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26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Immediately upon completion of the [REDACTED] (but without taking into account any Shares to be [REDACTED] upon the exercise of any options that may be granted under the Share Option Scheme), the Controlling Shareholders Group would be entitled to exercise approximately [REDACTED]% of the issued share capital of our Company. In the event that our Directors exercise the Repurchase Mandate in full, the voting rights exercisable by the Controlling Shareholders Group in our Company would be increased to approximately [REDACTED]% of the issued Share capital of our Company, which will give rise to an obligation for the Controlling Shareholders Group and the parties acting with concert with them to make a mandatory offer under Rules 26 and 32 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. Our Directors have no present intention to exercise the Repurchase Mandate to such extent as would result in such mandatory offer obligation arising.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

The Company may cancel any Shares it repurchases and/or hold them as treasury Shares subject to factors that may be relevant to the Directors at the relevant time, including but not limited to the then market conditions, the capital management needs of the Company and the future fundraising needs of the Company. The Board currently intends to hold any repurchased Shares as treasury Shares.

No core connected person of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

### **7. Registration under Part 16 of the Companies Ordinance**

Our principal place of business in Hong Kong for the purpose of registration under Part 16 of the Companies Ordinance is at 46/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 31 May 2023. Ms. Cheung Lai Ha (張麗霞), a joint company secretary of our Company, has been appointed as the agent of our Company for the acceptance of service of process in Hong Kong.

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### B. FURTHER INFORMATION ABOUT OUR BUSINESS

#### 1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

- (a) the Share Subscription Agreement dated 12 August 2022 entered into among our Company, Carlink BVI, Carlink HK, Guanglian Shuke, Guanglian Saixun, Future Tendency, Future Expectations, Visionary Leader, Intelligent Leader, Rongying BVI, Yantai Longhe, Shenzhen Lianxing Yongsheng Investment Enterprise (Limited Partnership) (深圳市聯興永盛投資企業(有限合夥)) (“**Lianxing Yongsheng Investment**”), Suzhou Huiheng Venture Capital Center (Limited Partnership) (蘇州暉珩創業投資中心(有限合夥)) (“**Huiheng Investment**”), Huaixin Co-stone Investment Limited (“**Huaixin Investment**”), Lingyu Co-stone Investment Limited (“**Lingyu Investment**”) and Profit Channel Development Limited (“**Profit Channel**”) in relation to the subscription of the Shares by Future Tendency, Future Expectations, Visionary Leader, Intelligent Leader, Rongying BVI, Yantai Longhe, Lianxing Yongsheng, Profit Channel, Lingyu Investment, Huaixin Investment and Huiheng Investment;
- (b) the Shareholders’ Agreement dated 12 August 2022 entered into among our Company, Future Tendency, Future Expectations, Visionary Leader, Intelligent Leader, Rongying BVI, Yantai Longhe, Lianxing Yongsheng, Profit Channel, Lingyu Investment, Huaixin Investment, Huiheng Investment and the Registered Shareholders (namely, Zhenghe Futong, Xinjiang Rongying, Shanghai Xiangru and Mr. Zhao) in relation to the rights of Yantai Longhe, Lianxing Yongsheng, Profit Channel and Lingyu Investment;
- (c) an exclusive business cooperation agreement (獨家業務合作協議) dated 24 March 2023 entered into by Guanglian Saixun and Guanglian Shuke, whereby Guanglian Shuke has the exclusive right to provide, or designate any third party to provide Guanglian Saixun with overall business support, technical services and consulting services;
- (d) an exclusive option agreement (獨家購買權協議) dated 24 March 2023 entered into among Zhenghe Futong, Zhenghe Fangda, Xinjiang Rongying, Shanghai Rongru Investment, Shanghai Xiangru, Mr. Zhu Lei, Mr. Zhu Hui, Mr. Jiang, Mr. Zhao, Guanglian Saixun and Guanglian Shuke, whereby the Registered Shareholders unconditionally and irrevocably agree to grant Guanglian Shuke

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an exclusive option to purchase all or part of the equity interests in Guanglian Saixun, and Guanglian Saixun unconditionally and irrevocably agree to grant Guanglian Shuke an exclusive option to purchase all or part of the assets of Guanglian Saixun;

- (e) a shareholders' rights proxy agreement (股東表決權委托協議) dated 24 March 2023 entered among the Registered Shareholders, Guanglian Shuke and Guanglian Saixun, whereby the Registered Shareholders irrevocably appointed Guanglian Shuke or its designated person, as their attorney-in-fact, to exercise their shareholders' rights in Guanglian Saixun;
- (f) an equity pledge agreement (股份質押協議) dated 24 March 2023 entered into among Zhenghe Futong, Guanglian Saixun and Guanglian Shuke, whereby Zhenghe Futong agree to pledge all of the equity interests in Guanglian Saixun to Guanglian Shuke in order to guarantee the performance of obligations of Zhenghe Futong and Guanglian Saixun under the Contractual Arrangements;
- (g) an equity pledge agreement (股份質押協議) dated 24 March 2023 entered into among Xinjiang Rongying, Guanglian Saixun and Guanglian Shuke, whereby Xinjiang Rongying agree to pledge all of the equity interests in Guanglian Saixun to Guanglian Shuke in order to guarantee the performance of obligations of Xinjiang Rongying and Guanglian Saixun under the Contractual Arrangements;
- (h) an equity pledge agreement (股份質押協議) dated 24 March 2023 entered into among Shanghai Xiangru, Guanglian Saixun and Guanglian Shuke, whereby Shanghai Xiangru agree to pledge all of the equity interests in Guanglian Saixun to Guanglian Shuke in order to guarantee the performance of obligations of Shanghai Xiangru and Guanglian Saixun under the Contractual Arrangements;
- (i) an equity pledge agreement (股份質押協議) dated 24 March 2023 entered into among Mr. Zhao, Guanglian Saixun and Guanglian Shuke, whereby Mr. Zhao agree to pledge all of the equity interests in Guanglian Saixun to Guanglian Shuke in order to guarantee the performance of obligations of Mr. Zhao and Guanglian Saixun under the Contractual Arrangements;
- (j) a letter of spousal undertaking (配偶承諾函) dated 24 March 2023 from Ms. Wang Ji (王佶), spouse of Mr. Zhu Lei, whereby Ms. Wang Ji unconditionally and irrevocably consented to the entering into of, among others, the equity pledge agreement, the exclusive option agreement and the shareholders' rights proxy agreement by Mr. Zhu Lei and the disposal of Mr. Zhu Lei's equity interests in Guanglian Saixun according to the terms of the aforementioned agreements;

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- (k) a letter of spousal undertaking (配偶承諾函) dated 24 March 2023 from Ms. Chao Lu (巢璐), spouse of Mr. Zhu Hui, whereby Ms. Chao Lu unconditionally and irrevocably consented to the entering into of, among others, the equity pledge agreement, the exclusive option agreement and the shareholders' rights proxy agreement by Mr. Zhu Hui and the disposal of Mr. Zhu Hui's equity interests in Guanglian Saixun according to the terms of the aforementioned agreements;
- (l) a letter of spousal undertaking (配偶承諾函) dated 24 March 2023 from Ms. Fan Xiaoyan (范曉燕), spouse of Mr. Jiang, whereby Ms. Fan Xiaoyan unconditionally and irrevocably consented to the entering into of, among others, the equity pledge agreement, the exclusive option agreement and the shareholders' rights proxy agreement by Mr. Jiang and the disposal of Mr. Jiang's equity interests in Guanglian Saixun according to the terms of the aforementioned agreements;
- (m) a letter of spousal undertaking (配偶承諾函) dated 24 March 2023 from Ms. Qi Yunlu (齊雲璐), spouse of Mr. Zhao, whereby Ms. Qi Yunlu unconditionally and irrevocably consented to the entering into of, among others, the equity pledge agreement, the exclusive option agreement and the shareholders' rights proxy agreement by Mr. Zhao and the disposal of Mr. Zhao's equity interests in Guanglian Saixun according to the terms of the aforementioned agreements;
- (n) the Deed of Indemnity dated 18 June 2024 entered into by our Controlling Shareholders Group in favor of our Company (for itself and, where appropriate, as trustee of its subsidiaries) in respect of certain indemnities as provided therein;
- (o) [REDACTED]; and
- (p) the Hong Kong [REDACTED] Agreement.



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**2. Our Material Intellectual Property Rights**

As at the Latest Practicable Date, we have registered the following intellectual property rights which are material in relation to our business.

**(a) Trademarks**

As at the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
1 .....	 广联赛讯	9	Guanglian Saixun	PRC	22583865	13 February 2028
2 .....	 广联赛讯	36	Guanglian Saixun	PRC	22586070	20 November 2028
3 .....	 广联赛讯	37	Guanglian Saixun	PRC	22586174	06 April 2028
4 .....	 广联赛讯	42	Guanglian Saixun	PRC	22586442	27 January 2029
5 .....	广联赛讯	9	Guanglian Saixun	PRC	22583702	13 February 2028
6 .....	广联赛讯	35	Guanglian Saixun	PRC	22585103	27 January 2029
7 .....	广联赛讯	36	Guanglian Saixun	PRC	22586279	06 March 2028
8 .....	广联赛讯	37	Guanglian Saixun	PRC	22586208	06 April 2028
9 .....	广联赛讯	39	Guanglian Saixun	PRC	22586275	06 April 2028
10 ....	广联赛讯	42	Guanglian Saixun	PRC	22586878	13 April 2029
11 ....	商加	12	Guanglian Shuke	PRC	60767578	13 May 2032
12 ....	商加	36	Guanglian Shuke	PRC	60775485	13 May 2032
13 ....	商加	37	Guanglian Shuke	PRC	60767624	13 May 2032
14 ....	商加	39	Guanglian Shuke	PRC	60792441	13 May 2032
15 ....	广联数科	37	Guanglian Saixun	PRC	66423954	20 February 2033


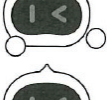





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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
16 ....	广联数科	42	Guanglian Saixun	PRC	66435039	13 February 2033
17 ....	喵喵虎	9	Guanglian Saixun	PRC	66673801	13 February 2033
18 ....	喵喵虎	37	Guanglian Saixun	PRC	66683542	06 February 2033
19 ....	喵加	9	Guanglian Shuke	PRC	60787840	27 July 2032
20 ....	喵加	42	Guanglian Shuke	PRC	60778021	20 July 2032
21 ....	喵加	35	Guanglian Shuke	PRC	60780704	27 July 2032
22 ....	喵加	16	Guanglian Shuke	Hong Kong	305830858	13 December 2031
23 ....	喵喵虎	9	Guanglian Saixun	PRC	21036786	13 October 2027
24 ....	喵喵虎	12	Guanglian Saixun	PRC	21037690	13 October 2027
25 ....	喵喵虎	17	Guanglian Saixun	PRC	54227167	06 October 2031
26 ....	喵喵虎	36	Guanglian Saixun	PRC	21036186	27 August 2028
27 ....	喵喵虎	39	Guanglian Saixun	PRC	21040032	13 October 2027
28 ....	喵喵虎	42	Guanglian Saixun	PRC	21040756	20 February 2029
29 ....		9	Guanglian Saixun	PRC	21036255	13 October 2027
30 ....		12	Guanglian Saixun	PRC	21037491	13 October 2028
31 ....		35	Guanglian Saixun	PRC	21037949	13 October 2027
32 ....		36	Guanglian Saixun	PRC	21036037	13 October 2027
33 ....		37	Guanglian Saixun	PRC	21038498	13 October 2027

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
34 ....		38	Guanglian Saixun	PRC	21039392	13 October 2027
35 ....		39	Guanglian Saixun	PRC	21039838	13 October 2027
36 .....		42	Guanglian Saixun	PRC	21040517	13 October 2027
37 .....		35	Guanglian Saixun	PRC	21038003	13 October 2027
38 .....		36	Guanglian Saixun	PRC	21036106	13 October 2027
39 .....		37	Guanglian Saixun	PRC	21038798	13 October 2027
40 .....		39	Guanglian Saixun	PRC	21040045	13 October 2027
41 .....		42	Guanglian Saixun	PRC	23831653	13 April 2028
42 .....		9	Guanglian Saixun	PRC	25083997	27 June 2028
43 .....		35	Guanglian Saixun	PRC	25084003	06 July 2028
44 .....		42	Guanglian Saixun	PRC	25084009	06 July 2028
45 .....	<b>DIDIHU</b>	9	Guanglian Saixun	PRC	33208926	27 May 2029
46 .....	<b>DIDIHU</b>	12	Guanglian Saixun	PRC	33208927	27 May 2029
47 .....	<b>DIDIHU</b>	36	Guanglian Saixun	PRC	33208924	27 May 2029
48 .....	<b>DIDIHU</b>	39	Guanglian Saixun	PRC	33208923	27 May 2029
49 .....	<b>DIDIHU</b>	42	Guanglian Saixun	PRC	33208922A	06 August 2029
50 ....		42	Guanglian Shuke	PRC	23831605	20 April 2029

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No.	Trademark	Class	Registered Owner	Place of Registration	Registration Number	Registration Expiry Date
51 ....		9	Guanglian Shuke	PRC	36345909	06 November 2029
52 ....		37	Guanglian Shuke	PRC	64591844	06 January 2033
53 ....		42	Guanglian Shuke	PRC	64619242	06 January 2033
54 ....		9	Guanglian Saixun	PRC	66423949	06 May 2033
55 ....		17	Carlink HK	PRC	65803943	13 January 2033

**(b) Patents**

As at the Latest Practicable Date, we have registered the following patents which are material in relation to our business:

No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Registration Number	Registration Date	Registration Expiry Date
1 .....	Tsp program interaction method based on WinCE system and vehicle equipment (基於WinCE系統的Tsp程序交互方法及車載設備)	Invention	Guanglian Saixun	PRC	ZL201410788215.4	17 December 2014	16 December 2034
2 .....	Installation and testing methods, servers and systems for GPS terminals (GPS終端的安裝測試方法、服務器及系統)	Invention	Guanglian Saixun	PRC	ZL201610292811.2	04 May 2016	03 May 2036
3 .....	Vehicle permanent location analysis method (車輛常駐地分析方法)	Invention	Guanglian Saixun	PRC	ZL201610216718.3	08 April 2016	07 April 2036
4 .....	Method and system for establishing base station location database based on vehicle-mounted equipment (基於車載設備的基站位置庫建立方法及系統)	Invention	Guanglian Saixun	PRC	ZL201710045485.X	20 January 2017	19 January 2037

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No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Registration Number	Registration Date	Registration Expiry Date
5 ....	Method and device for determining attribution place of vehicle (確定車輛歸屬地的方法和裝置)	Invention	Guanglian Saixun	PRC	ZL201710180087.9	21 March 2017	20 March 2037
6 ....	Method and device for filtering abnormal GPS data (異常GPS數據的過濾方法和裝置)	Invention	Guanglian Saixun	PRC	ZL201710180088.3	21 March 2017	20 March 2037
7 ....	Method, device and computer-readable storage medium for determining attribution place of vehicle (確定車輛歸屬地的方法、裝置及計算機可讀存儲介質)	Invention	Guanglian Saixun	PRC	ZL201710896704.5	27 September 2017	26 September 2037
8 ....	GPS data information query method and system based on shared memory (基於共享內存的GPS數據信息查詢方法及系統)	Invention	Guanglian Saixun	PRC	ZL201710171845.0	21 March 2017	20 March 2037
9 ....	Method, system and computer readable storage medium for monitoring abnormal gathering places of vehicles (車輛異常聚集地監控方法及系統、計算機可讀存儲介質)	Invention	Guanglian Saixun	PRC	ZL201711170017.1	21 November 2017	20 November 2037
10 ...	Power-off alarm verification method, device and computer-readable storage medium (斷電報警驗證方法、設備及計算機可讀存儲介質)	Invention	Guanglian Shuke	PRC	ZL201711101605.X	08 November 2017	07 November 2037
11 ...	Vehicle remote diagnosis terminal (Jiabao) (車輛遠程診斷終端 (駕寶))	Design	Guanglian Saixun	PRC	ZL201530239370.6	07 July 2015	06 July 2025

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No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Registration Number	Registration Date	Registration Expiry Date
12 ...	OBD-based vehicle damage evaluation method and device (基於OBD的車損度評估方法及裝置)	Invention	Guanglian Shuke	PRC	ZL201610481753.8	27 June 2016	26 June 2036
13 ...	Method and device for calibrating relationship between vehicle-mounted equipment (車載設備關係校對方法及裝置)	Invention	Guanglian Shuke	PRC	ZL201510969640.8	22 December 2015	21 December 2035
14 ...	Message push method and device (消息推送方法及裝置)	Invention	Guanglian Shuke	PRC	ZL201611041773.X	21 November 2016	20 November 2036
15 ...	Method, system and computer-readable storage medium for judging ignition and flameout status of vehicle (車輛點熄火狀態的判斷方法及系統、計算機可讀存儲介質)	Invention	Guanglian Shuke	PRC	ZL201711371514.8	18 December 2017	17 December 2037
16 ...	Vehicle-mounted smart terminals (車載智能終端)	Design	Guanglian Saixun	PRC	ZL201930360435.0	08 July 2019	07 July 2029
17 ...	Network flow control method and device (網絡流量控制方法及裝置)	Invention	Guanglian Shuke	PRC	ZL201610701581.0	22 August 2016	21 August 2036
18 ...	Vehicle-mounted smart terminals (車載智能終端)	Design	Guanglian Saixun	PRC	ZL201930534384.9	27 September 2019	26 September 2029
19 ...	Vehicle travel calculation method, device and readable storage medium based on vehicle-mounted devices (基於車載設備的車輛行程計算方法、裝置和可讀存儲介質)	Invention	Guanglian Shuke	PRC	ZL201710583362.1	17 July 2017	16 July 2037

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No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Registration Number	Registration Date	Registration Expiry Date
20 ...	Data processing method, device and computer-readable storage medium (數據處理方法、裝置及計算機可讀存儲介質)	Invention	Guanglian Shuke	PRC	ZL201711154277.X	17 November 2017	16 November 2037
21 ...	Smart vehicle-mounted charger (智能車載充電器)	Design	Guanglian Saixun	PRC	ZL202030496257.7	26 August 2020	25 August 2030
22 ...	Method, device and computer-readable storage medium for monitoring Internet of thing network card traffic pool (物聯網卡流量池監控方法、設備及計算機可讀存儲介質)	Invention	Guanglian Shuke	PRC	ZL201711136247.6	15 November 2017	14 November 2037
23 ...	Prediction method, network terminal and storage medium for prepaid card residual flow (預付卡剩餘流量預測方法、網絡終端和存儲介質)	Invention	Guanglian Shuke	PRC	ZL201711439119.9	26 December 2017	25 December 2037
24 ...	Identification method and terminal equipment for malicious removal of vehicle positioning equipment (車載定位設備被惡意拆除的識別方法以及終端設備)	Invention	Guanglian Saixun	PRC	ZL202010044604.1	15 January 2020	14 January 2040
25 ...	Method, device, equipment and computer-readable storage medium for monitoring vehicle collision (車輛碰撞監測方法、裝置、設備及計算機可讀存儲介質)	Invention	Guanglian Shuke	PRC	ZL202110066589.5	18 January 2021	17 January 2041

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No.	Patent Name	Patent Type	Registered Owner	Place of Registration	Registration Number	Registration Date	Registration Expiry Date
26 ...	Method for UBI scoring - UBI scoring device and readable storage medium (UBI評分方法、UBI評分裝置及可讀存儲介質)	Invention	Guanglian Saixun	PRC	ZL202010016302.3	7 January 2020	6 January 2040
27 ...	Method, terminal and storage medium for data enquiry based on data caching (基於數據緩存的查詢方法、終端及存儲介質)	Invention	Guanglian Saixun	PRC	ZL201911370778.0	25 December 2019	24 December 2039
28 ...	Methods of testing, terminal equipment and storage medium for highly risky locations for vehicles (車輛高危地點的檢測方法、終端設備及存儲介質)	Invention	Guanglian Saixun	PRC	ZL202010080223.9	4 February 2020	3 February 2040



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**(c) Copyrights**

As at the Latest Practicable Date, we have registered the following copyrights which are material in relation to our business:

*(i) Software*

No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
1 ....	Didihu WeChat Official Account Application Platform (Abbreviation: Didihu WeChat) (滴滴虎微信公眾號應用平台(簡稱:滴滴虎微信))	Guanglian Saixun	PRC	2016SR264678	01 June 2016
2 ....	Guanglian Shuke Behavioral Tracking Point Server Software (Abbreviation: Tracking Point Server) (廣聯數科行為埋點服務器軟件(簡稱:行為埋點服務器))	Guanglian Shuke	PRC	2018SR1035341	20 November 2018
3 ....	Guanglian Shuke Didihu AI Data Platform (Abbreviation: Didihu AI Data Platform) (廣聯數科滴滴虎AI數據平台(簡稱:滴滴虎AI數據平台))	Guanglian Shuke	PRC	2018SR1036868	15 November 2018
4 ....	Guanglian Shuke Maintenance Loss Warning Function Server Software (Abbreviation: Maintenance Loss Warning Function Service) (廣聯數科保養流失預警功能服務器軟件(簡稱:保養流失預警服務))	Guanglian Shuke	PRC	2018SR1036876	24 October 2018
5 ....	Guanglian Shuke Vehicle Electric Fence Monitoring Software (Abbreviation: Vehicle Electric Fence Monitoring) (廣聯數科車輛電子圍欄監控軟件(簡稱:車輛電子圍欄監控))	Guanglian Shuke	PRC	2018SR1040211	15 November 2018

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
6 ....	Guanglian Shuke Internet of Vehicles Value-added Service System Software (Central Control Version) (Abbreviation: Guanglian Shuke Central Control Version) (廣聯數科車聯網增值服務系統軟件(中控版)(簡稱:廣聯數科中控版))	Guanglian Shuke	PRC	2019SR0733012	08 May 2019
7 ....	Guanglian DidiHu Connected Car Entertainment System (廣聯滴滴虎互聯車娛樂系統)	Guanglian Saixun	PRC	2015SR130083	27 March 2015
8 ....	Didihu Open Cloud Platform Device Management Report System (Abbreviation: Didihu Open Cloud Platform) (滴滴虎開放雲平台設備管理報表系統(簡稱:滴滴虎開放雲平台))	Guanglian Saixun	PRC	2016SR156676	20 January 2016
9 ....	Guanglian Saixun Didihu Android Smart Driving System (Abbreviation: Didihu) (廣聯賽訊滴滴虎 Android智能行車系統(簡稱:滴滴虎))	Guanglian Saixun	PRC	2016SR101648	22 February 2016
10 ..	(Guanglian Shuke Didihu Android Smart Rear-view Mirror Driving System (Abbreviation: Didihu Android Smart Rear-view Mirror)) (廣聯數科滴滴虎 Android智能後視鏡行車系統(簡稱:滴滴虎安卓智能後視鏡))	Guanglian Shuke	PRC	2022SR0788234	25 February 2016
11 ..	Didihu Access Platform Device Access System (Abbreviation: Didihu Access Platform) (滴滴虎接入平台設備接入系統(簡稱:滴滴虎接入平台))	Guanglian Shuke	PRC	2022SR0334633	01 July 2016

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
12 ..	Guanglian Vehicle Permanent Location Offset Analysis Software (廣聯車輛常駐地偏移分析軟件)	Guanglian Shuke	PRC	2022SR1152452	15 February 2016
13 ..	Guanglian DidiHu Internet of Vehicles Service System In-vehicle Software (Abbreviation: DidiHu) (廣聯滴滴虎車聯網服務系統車機軟件(簡稱:滴滴虎))	Guanglian Saixun	PRC	2016SR359228	02 March 2016
14 ..	Didihu Audi A4L Connected Car Entertainment System (Abbreviation: DidiHu Connected Car Entertainment System) (滴滴虎奧迪A4L互聯車娛樂系統(簡稱:滴滴虎互聯車娛樂系統))	Guanglian Saixun	PRC	2017SR084139	18 January 2017
15 ..	Guanglian Data Traffic Card Management Platform System (Abbreviation: Data Traffic Management Platform) (廣聯流量卡管理平台系統(簡稱:流量管理平台))	Guanglian Shuke	PRC	2022SR1091871	07 July 2017
16 ..	Didihu News Push Platform Software System (Abbreviation: News Push) (滴滴虎消息推送平台軟件系統(簡稱:消息推送))	Guanglian Saixun	PRC	2017SR493292	20 January 2017
17 ..	Didihu Daily Insurance UBI Auto Insurance Platform (Abbreviation: Daily Insurance) (滴滴虎按天保UBI車險平台(簡稱:按天保))	Guanglian Saixun	PRC	2017SR493371	29 June 2017
18 ..	Didihu Vehicle Behavior Risk Assessment Software (滴滴虎車輛行為風險評估軟件)	Guanglian Shuke	PRC	2022SR1091872	30 August 2017

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
19 ..	Guanglian Risk Management Vehicle Positioning System Software (Abbreviation: FRMS Vehicle Positioning System Software) (廣聯風控管理車機定位系統軟件(簡稱:FRMS車機定位系統軟件))	Guanglian Saixun	PRC	2017SR578458	30 June 2017
20 ..	Guanglian Financial Risk Management Platform WeChat Vehicle Tracking System (Abbreviation: WVTS) (廣聯金融風控管理平台微信追車系統(簡稱:WVTS))	Guanglian Saixun	PRC	2017SR682976	07 September 2017
21 ..	HuGe e-Shield API Standard Interface System (Abbreviation: API Standard Interface System) (虎哥e盾API標準接口系統(簡稱:API標準接口系統))	Guanglian Saixun	PRC	2018SR811113	09 August 2018
22 ..	HuGe e- Shield Vehicle Risk Management System (Abbreviation: HuGe e-Shield) (虎哥e盾車輛風控系統(簡稱:虎哥e盾))	Guanglian Shuke	PRC	2022SR1152453	27 September 2018
23 ..	HuGe e-Shield Mini Program Software (Abbreviation: HuGe e-Shield Mini Program) (虎哥E盾小程序軟件(簡稱:虎哥E盾小程序))	Guanglian Saixun	PRC	2019SR0166417	20 September 2018
24 ..	Guanglian Saixun & HuGe e-Shield Vehicle Risk Management System Software on Mobile (Abbreviation: HuGe e-Shield app) (廣聯賽訊虎哥E盾車輛風控系統手機版軟件(簡稱:虎哥E盾app))	Guanglian Saixun	PRC	2019SR0166404	04 July 2018

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
25 ..	Guanglian Dijia Internet of Vehicles Value-added Service Platform (Abbreviation: Dijia Internet of Vehicles Value-added Service Platform) (廣聯嘀加車聯網增值服務平台(簡稱:嘀加車聯網增值服務平台))	Guanglian Shuke	PRC	2022SR1091870	30 November 2018
26 ..	Car Bodyguard Cloud Platform (Abbreviation: Car Bodyguard) (愛車保鏢雲平台(簡稱:愛車保鏢))	Guanglian Shuke	PRC	2022SR1091869	22 March 2019
27 ..	Parade Car Online Appointment Platform Background Management System (Abbreviation: Parade Car Management System) (巡遊車網約化平台後台管理系統(簡稱:巡遊車管理系統))	Guanglian Saixun	PRC	2019SR0474914	26 March 2019
28 ..	E-hailing APP Driver-end System (網約車APP司機端系統)	Guanglian Saixun	PRC	2019SR0477775	26 March 2019
29 ..	E-hailing APP Passenger-end System (網約車APP乘客端系統)	Guanglian Saixun	PRC	2019SR0477970	12 March 2019
30 ..	Central Procurement Electronic Catalog Management Module Software (Abbreviation: Electronic Catalog) (集採電子目錄管理模塊軟件(簡稱:電子目錄))	Guanglian Saixun	PRC	2019SR0627373	14 March 2019
31 ..	Didihu AI Internet of Vehicles Location Service System Software (Abbreviation: FRMS System) (嘀嗒虎AI車聯網位置服務系統軟件(簡稱:FRMS系統))	Guanglian Saixun	PRC	2019SR0686238	20 March 2019

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
32 ..	Dijia Internet of Vehicles Value-added Service System Software (Pantilt and Lens Edition) (Abbreviation: Dijia- Pantilt and Lens Edition) (嘀加車聯網增值服務系統軟件(雲鏡版)(簡稱:嘀加-雲鏡版))	Guanglian Saixun	PRC	2019SR0686248	10 April 2019
33 ..	Intelligent AI Voice Assistant Service Software (Abbreviation: AI Voice Assistant) (智能AI語音助理服務軟件(簡稱:AI語音助理))	Guanglian Shuke	PRC	2022SR1091868	02 March 2019
34 ..	Guanglian HuGe e-Shield Data Dashboard Software (Abbreviation: HuGe e-Shield Data Dashboard) (廣聯虎哥e盾數據看板軟件(簡稱:虎哥e盾數據看板))	Guanglian Saixun	PRC	2019SR0778113	12 April 2019
35 ..	Guanglian Storefront Upgrade Recharge Card Software (Abbreviation: Upgrade Recharge Card) (廣聯店面升級充值卡軟件(簡稱:升級充值卡))	Guanglian Saixun	PRC	2019SR0778121	15 April 2019
36 ..	Guanglian Cloud Anti-Theft Activation Early Warning System (Abbreviated: Cloud Anti-Theft) (廣聯雲防盜啟動預警系統(簡稱:雲防盜))	Guanglian Saixun	PRC	2019SR0778585	06 May 2019
37 ..	Guanglian Internet of Vehicles Value-added Service System Software (Navigation Version) (Abbreviation: Guanglian Navigation Version) (廣聯車聯網增值服務系統軟件(導航版)(簡稱:廣聯導航版))	Guanglian Shuke	PRC	2022SR1091867	05 July 2019

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
38 ..	Dijia Smart Store Service System Software (GPS Version) (嘀加智慧門店服務系統軟件(GPS版))	Guanglian Shuke	PRC	2022SR1091866	22 July 2019
39 ..	Didihu AI Internet of Vehicles Service System Software (Rear-view Mirror Version) (嘀嗒虎AI車聯網服務系統軟件(後視鏡版))	Guanglian Shuke	PRC	2022SR1091865	15 July 2019
40 ..	Didihu Driving Assistant APP (Abbreviation: Didihu) (嘀嗒虎行車助手APP(簡稱:嘀嗒虎))	Guanglian Saixun	PRC	2020SR1507906	09 September 2020
41 ..	Guanglian Change Vehicle Operation Management Platform (廣聯換個車運營管理平台)	Guanglian Saixun	PRC	2020SR1238361	30 July 2020
42 ..	Didihu AI Smart Car Life APP (Abbreviation: Smart Car Life) (嘀嗒虎AI智享車生活APP(簡稱:智享車生活))	Guanglian Shuke	PRC	2022SR0430605	13 June 2020
43 ..	Hanhuaxing In-Vehicle Speech Recognition Platform System (Abbreviation: In-Vehicle Speech Recognition Platform System) (瀚華興車載語音識別平台系統(簡稱:車載語音識別平台系統))	Hanhuaxing Technology	PRC	2018SR791084	15 June 2018
44 ..	Hanhuaxing Financial Risk Management (FRMS) System (Abbreviated: FRMS System) (瀚華興金融風險管理(FRMS)系統(簡稱:FRMS系統))	Hanhuaxing Technology	PRC	2019SR0170344	15 May 2018
45 ..	Didihu AI Internet of Vehicles In-Vehicle Software (嘀嗒虎AI車聯網車載軟件)	Tianjin Chejia	PRC	2020SR1071617	28 May 2020

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No.	Copyright	Owner	Place of Registration	Registration Number	First Release Date
46 ..	Chejia Internet Intelligent Network System In-Vehicle Software (車家互聯智能網聯系統車載軟件)	Tianjin Chejia	PRC	2021SR0169918	20 August 2020
47 ..	Chejia Internet APP (Abbreviation: Chejia Internet) (車家互聯APP(簡稱:車家互聯))	Tianjin Chejia	PRC	2021SR0382638	29 December 2020

(ii) Works

No.	Copyrights	Owner	Place of Registration	Registration Number	Registration Date
1.....	Didihu (滴滴虎)	Guanglian Saixun	PRC	Guo Zuo Deng Zi-2013-F-00101773 (國作登字-2013-F-00101773)	28 August 2013
2.....	Didihu League LOGO (滴滴虎同盟會標識)	Guanglian Saixun	PRC	Guo Zuo Deng Zi-2019-F-00714583 (國作登字-2019-F-00714583)	23 January 2019
3.....	Didihu Cartoon Image (Xiaodi) (滴滴虎卡通形象(小滴))	Guanglian Saixun	PRC	Guo Zuo Deng Zi-2016-F-00295085 (國作登字-2016-F-00295085)	04 August 2016
4.....	Didihu Brand LOGO (滴滴虎品牌LOGO)	Guanglian Saixun	PRC	Guo Zuo Deng Zi-2016-F-00336355 (國作登字-2016-F-00336355)	05 December 2016
5.....	Didihu Internet of Vehicles Service LOGO (滴滴虎車聯網服務LOGO)	Guanglian Saixun	PRC	Guo Zuo Deng Zi-2016-F-00336358 (國作登字-2016-F-00336358)	05 December 2016
6.....	Di + Smart Car Life (滴+智享車生活)	Guanglian Shuke	PRC	Guo Zuo Deng Zi-2022-F-10170433 (國作登字-2022-F-10170433)	18 August 2022



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### (d) Domain Names

As at the Latest Practicable Date, we have registered the following domain names which are material in relation to our business:

No.	Domain name	Registrant	Registration Date	Expiry Date
1 ....	didihu.com.cn	Guanglian Saixun	01 April 2012	01 April 2025
2 ....	glsx.com.cn	Guanglian Saixun	22 May 2012	22 May 2025
3 ....	weienkeji.com.cn	Guanglian Saixun	11 October 2013	11 October 2024
4 ....	hugeepay.com	Guanglian Saixun	10 February 2017	10 February 2025
5 ....	baohuogan.com.cn	Guanglian Saixun	21 November 2018	21 November 2024
6 ....	weientechnology.com.cn	Guanglian Shuke	3 March 2014	03 March 2025
7 ....	glshuke.com	Guanglian Shuke	27 June 2022	27 June 2025
8 ....	hhxtechnology.com	Hanhuaxing Technology	20 July 2022	20 July 2025
9 ....	gldijia.com.cn	Dijia Smart Cloud	25 April 2023	25 April 2025
10 ..	dijiaishop.com.cn	Dijia Smart Cloud	25 July 2023	25 July 2025

We generally renew our domain name registrations once every year and applications for their renewal are usually approximately made one to three months prior to their expiration. Under normal circumstances, the domain name registrations take effect immediately after the payment of renewal fees. As at the Latest Practicable Date, all of our registered domain names remained in effect.

Save as aforesaid, as at the Latest Practicable Date, there were no other intellectual property rights which were material in relation to our Group's business.

### 3. Related party transactions

Save as disclosed in Note 36 to the Accountants' Report, the text of which is set out in Appendix I to this document, during the two years immediately preceding the date of this document, we have not engaged in any other material related party transactions.

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Directors

#### (a) Particulars of Directors' service contracts

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the [REDACTED] which may be terminated by either party by giving not less than three months' written notice. The term of service contract shall be renewed and extended automatically for successive terms of one year upon expiry of the then current term until terminated by either party by giving not less than three months' written notice to the other.

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During the term of the service contract, each of these executive Directors is entitled to the respective basic salary set out below (excluding any discretionary bonus).

In addition, during the term of the service contract, each of the executive Directors is also entitled to a discretionary management bonus in such sum as the Board may in its absolute discretion determine.

An executive Director may not vote on any resolution of the Directors regarding the amount of management bonus payable to him. The current basic annual salaries of the executive Directors payable under their service contracts are as follows:

<b>Name</b>	<b>Annual salary (RMB'000)</b>
Mr. Zhu Lei (朱雷) .....	450
Mr. Jiang Zhongyong (蔣忠永) .....	80
Mr. Zhao Zhan (趙展) .....	1,070

Each of our non-executive Directors and our independent non-executive Directors has been appointed for an initial term of three years commencing from the [REDACTED] which may be terminated by either party by giving not less than three months' written notice. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of our non-executive directors of the Company do not receive remuneration from the Company for their position as Directors. Each of our independent non-executive Director is entitled to a director's fee of RMB20,000 per month with effect from the [REDACTED]. Save for directors' fees (as the case may be), none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

### **(b) Remuneration of Directors**

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the three years ended 31 December 2021, 2022 and 2023 were approximately RMB1.6 million, RMB1.5 million and RMB1.5 million, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our independent non-executive Directors) for the year ending 31 December 2024, are expected to be approximately RMB1.7 million.

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- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2021, 2022 and 2023 as (i) an inducement to join or upon joining our Company; or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2021, 2022 and 2023.

**(c) *Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations following the [REDACTED]***

Immediately following completion of the [REDACTED] and the [REDACTED] but without taking into account any Shares to be [REDACTED] upon the exercise of any options that may be granted under the Share Option Scheme, the interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company *and the* Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are [REDACTED], will be as follows:

<u>Name of Director or Chief Executive</u>	<u>Name of Group member/ associated corporation</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares held/ interested</u>	<u>Approximate percentage of shareholding in the Total Issued Share Capital<sup>(2)</sup></u>
Mr. Zhu Lei.....	ZL-expectations Future Expectations	Beneficial owner Interests held jointly with another person <sup>(3)</sup> Interest through voting rights entrustment arrangement <sup>(4)</sup>	[REDACTED] [REDACTED] [REDACTED]	[REDACTED]% [REDACTED]% [REDACTED]%

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<u>Name of Director or Chief Executive</u>	<u>Name of Group member/ associated corporation</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares held/ interested</u>	<u>Approximate percentage of shareholding in the Total Issued Share Capital<sup>(2)</sup></u>
Mr. Jiang .....	J-Visionary Visionary Leader	Beneficial owner Interest in controlled corporation	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%
Mr. Zhao .....	ZZ-Intelligent Intelligent Leader	Beneficial owner Interest in controlled corporation	[REDACTED] [REDACTED]	[REDACTED]% [REDACTED]%
	Rongying BVI	Interest in controlled corporation	[REDACTED]	[REDACTED]%

*Notes:*

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of [REDACTED] Shares in [REDACTED] immediately following the completion of [REDACTED] and the [REDACTED] and without taking into account any Shares to be [REDACTED] upon the exercise of any options granted under the Share Option Scheme.
- (3) Pursuant to the Acting in Concert Confirmation, Mr. Zhu Hui and Mr. Zhu Lei agreed to vote in concert for all operational and financial matters at shareholders’ meetings of our Company. For further details, see “Relationship with our Controlling Shareholders Group”. By virtue of the SFO, Mr. Zhu Hui and Mr. Zhu Lei are deemed to be interested in our Shares in which each other is interested.
- (4) Pursuant to the Voting Rights Entrustment Agreement, Mr. Zhu Lei and Mr. Zhu Hui were entrusted by, among others, J-Visionary, ZZ-Intelligent and Rongying BVI to exercise the voting rights attached to approximately [REDACTED]% of the total [REDACTED] share capital of the Company, following the completion of the [REDACTED] and the [REDACTED] and without taking into account any Shares to be [REDACTED] upon the exercise of any options that may be granted under the Share Option Scheme.

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**2. Interest discloseable under the SFO and substantial shareholders**

**(a) Substantial shareholders of Guanglian Saixun, our Consolidated Affiliated Entity**

<u>Name of Directors</u>	<u>Nature of Interest</u>	<u>Associated corporation</u>	<u>Approximate amount of contribution to registered capital</u>	<u>Approximately percentage of shareholding in associated corporation</u>
Mr. Zhu Lei....	Nominee shareholder whose shareholders' rights are subject to contractual arrangements	Guanglian Saixun	RMB6,599,333.84	21.22%
Mr. Jiang.....	Nominee shareholder whose shareholders' rights are subject to contractual arrangements	Guanglian Saixun	RMB5,188,673.65	16.68%
Mr. Zhao .....	Nominee shareholder whose shareholders' rights are subject to contractual arrangements	Guanglian Saixun	RMB2,943,511.53	9.46%

**(b) Substantial shareholders of other members of our Group**

<u>Name of subsidiary of the Company</u>	<u>Name of shareholder</u>	<u>Approximate percentage of interest in our subsidiary immediately following the completion of the [REDACTED]</u>
Hantu Dijia .....	Shaanxi Hantu Lingyu Technology Co., Ltd. (陝西悍途領馭科技有限公司)	49.00%

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So far as is known to the Directors, immediately following completion of the [REDACTED] and the [REDACTED] (but without taking account of any Shares which may be taken up or acquired under the [REDACTED] and any Shares to be issued upon the exercise of any options that may be granted under the Share Option Scheme), our Directors are not aware of any person who will have an interest or a short position in the shares of other members of our Group under the provisions of Divisions 2 and 3 of Part XV of the SFO other than Directors or chief executive of our Company whose interests are disclosed under "—Further Information About Our Directors And Substantial Shareholders—1. Directors—(c) Interests and short positions of our Directors and the chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated corporations following the [REDACTED]" above and "— 2. Interest discloseable under the SFO and substantial shareholders— (a) Substantial Shareholders of Guanglian Saixun, our Consolidated Affiliated Entity" above. For the information on persons who will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, please refer to the section headed "Substantial Shareholders".

### 3. Disclaimers

Save as disclosed in this document:

- (a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange, once the Shares are listed on the Hong Kong Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

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- (c) none of our Directors nor any of the persons listed in "E. Other Information—7. Qualification of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors nor any of the persons listed in "—E. Other Information—7. Qualification of Experts" below is materially interested in any contract or arrangement with our Group subsisting at the date of this document which is unusual in its nature or conditions or which is significant in relation to the business of our Group as a whole;
- (e) save in connection with [REDACTED] Agreements, none of the persons listed in "—E. Other Information—7. Qualification of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) save as contemplated under the [REDACTED] Agreements, none of our Directors, their respective associates (as defined under the Hong Kong Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customers and five largest suppliers in each year of the Track Record Period.

### D. SHARE OPTION SCHEME

#### 1. Summary of the terms of the Share Option Scheme

##### (a) *Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is:

- (i) to attract and retain the best quality personnel for the development of our Group's businesses;
- (ii) to provide additional incentives or rewards to selected Eligible Participants (as defined below) for their contribution to the creation of our Company's value; and

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- (iii) to promote the long term financial success of our Group by aligning the interest of any Eligible Participant who accepts an offer of the grant of an option in accordance with the terms of the Share Option Scheme ("**Grantee(s)**") to those of our Shareholders.

### **(b) Who may join**

On and subject to the terms of the Share Option Scheme the requirements of the Listing Rules, our Board shall be entitled at any time during the term of the Share Option Scheme to make an offer for the grant of option to any person belonging to the following classes as our Board may in its absolute discretion select (an "**Eligible Participant**"):

- (i) any person employed by any member of our Group who has successfully passed their probation period and any person who is a director (whether executive or non-executive) of any member of our Group, which shall include any person who is granted option(s) as an inducement to enter into employment contract with any member of our Group (an "**Eligible Employee**"). For the avoidance of doubt, a Grantee shall not cease to be an Eligible Employee only by reason of (a) any leave of absence approved by his/her employing or engaging company; or (b) transfers between members of our Group or any successor;
- (ii) any person who is employed by or is a director (whether executive or non-executive) of any of the holding companies, fellow subsidiaries or associated companies of our Company (an "**Eligible Related Entity Participant**"); or
- (iii) any person who provides services to any member of our Group on a continuing or recurring basis in its ordinary and usual course of business which, in the opinion of our Board, are in the interests of the long term growth of our Group, including: (a) suppliers of services to any member of our Group; and (b) advisors (professional or others) or consultants to any area of business or business development of any member of our Group, provided that any placing agents or financial advisers providing advisory services to our Group for fundraising, mergers or acquisitions and professional services providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity should not be Eligible Service Providers for the purpose of the Share Option Scheme (an "**Eligible Service Provider**").



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### (c) *Maximum number of Shares*

- (i) Prior to the approval of a Refreshed Mandate Limit (as defined below), the maximum aggregate number of Shares which may be allotted and issued or transferred by our Company upon exercise of all options which may be granted under the Share Option Scheme and any options or awards under any other schemes to be adopted by our Company from time to time (including, for the avoidance of doubt, such maximum aggregate number of Shares which may be allotted and issued or transferred by our Company upon exercise of the service providers' options under the Service Provider Sublimit (as defined below)) is [REDACTED] Shares, being no more than 10% of our Shares in [REDACTED] (excluding treasury Shares) as at the [REDACTED] (the "**Initial Mandate Limit**").
- (ii) Our Company may refresh the Initial Mandate Limit or the Refreshed Mandate Limit (as the case may be) (the "**Scheme Mandate Limit**") by ordinary resolution of our Shareholders after three years from the date of Shareholders' approval for the last refreshment (or the adoption of the Scheme, as the case maybe). Any proposal for refreshing the Scheme Mandate Limit before the end of such three year period must be approved by our independent Shareholders. In no event that the maximum aggregate number of Shares which may be allotted and issued or transferred by our Company under the Scheme Mandate Limit as refreshed (the "**Refreshed Mandate Limit**") may exceed 10% of our Shares in issue (excluding treasury Shares) as at the date of approval of the Refreshed Mandate Limit.
- (iii) Our Board may seek separate approval of our Shareholders in general meeting to grant options beyond the Initial Mandate Limit or the Refreshed Mandate Limit, provided that the options in excess of the Initial Mandate Limit or the Refreshed Mandate Limit shall be granted only to such Eligible Participant(s) and for such number and terms specifically identified and determined by our Company before such approval is sought.
- (iv) Subject to available Scheme Mandate Limit and prior to the approval of a Refreshed Sublimit (as defined below), the maximum aggregate number of Shares which may be allotted and issued or transferred by our Company upon exercise of all options which may be granted under the Share Option Scheme and any options or awards under any other share schemes to be adopted by our Company from time to time to the Eligible Service Providers (the "**Service Provider Sublimit**") must not exceed such number of Shares representing 10% of the Initial Mandate Limit (the "**Initial Sublimit**"). Our Company may, conditional upon the obtaining of the required approval for the Refreshed Mandate Limit, refresh the Initial

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Sublimit by a separate ordinary resolution of our Shareholders (or our independent Shareholders, as the case may be) in general meeting where approval for the Refreshed Mandate Limit is sought. In no event that the Service Provider Sublimit as refreshed (the "**Refreshed Sublimit**") may exceed 10% of the Refreshed Mandate Limit.

Our Board considers that the Service Provider Sublimit is appropriate and reasonable taking into account (i) the grant of options to the Eligible Service Providers will be decided on a case-by-case basis based on his/her contributions to the development and growth of our Group from time to time; (ii) the maximum possible number of options that our Company intends to grant to the Eligible Service Provider Participants and our Company's future business and development plan; and (iii) the major portion of the Scheme Mandate Limit to be reserved for grants to Eligible Participants other than the Eligible Service Provider Participants.

- (v) For the purpose of calculating the Scheme Mandate Limit or the Service Provider Sublimit, as the case may be:
  - (A) options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed, vested or exercised) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit;
  - (B) options previously granted to Eligible Service Provider Participants (including those outstanding, cancelled, lapsed, vested or exercised) will not be regarded as being utilised for the purpose of calculating the Service Provider Sublimit;
  - (C) in event our Company cancels a Grantee's options and makes a new grant to such Grantee, the options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit (or the Service Provider Sublimit, as the case maybe); and
  - (D) Shares issued and allotted as a result of vesting or exercise of options or awards previously granted under the Share Option Scheme and any other share schemes of our Company will not be counted for the purpose of determining the number of Shares in issue at the date of the relevant Shareholders' meeting.

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### **(d) *Maximum entitlement of each Eligible Participant***

- (i) The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) together with all other options and awards granted under the Share Option Scheme and any other schemes of the Company in any 12-month period up to and including the date of such grant to each Grantee must not exceed 1% of our Shares in issue (excluding treasury Shares).
- (ii) Where any further grant of options to a Grantee would result in our Shares issued and to be issued upon exercise of all options and awards granted and to be granted to such person together with all other options and awards (excluding all options and awards lapsed in accordance with the terms of the schemes) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of our Shares in issue (excluding treasury Shares), such grant shall be subject to separate approval by our Shareholders in general meeting with the relevant Grantee and his/her close associates (or associates if the Grantee is a connected person) abstaining from voting.

### **(e) *Grant of options to a Director, chief executive and substantial shareholder of our Company ("core connected persons")***

- (i) Subject to paragraph (d) above, where any offer of an option is proposed to be made to an Eligible Participant who is a Director, chief executive (other than a proposed Director or a proposed chief executive of the Company) or substantial Shareholder of our Company or any of their respective associates, under the Share Option Scheme or any other share scheme of our Company or our subsidiaries, such offer must first be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option in question).
- (ii) In case of (A) any change in the terms of options granted to a substantial shareholder or independent non-executive Director of our Company, or any of their respective associates, or (B) where any grant of Options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, which would result in our Shares issued and to be issued upon exercise of all options and other options and awards already granted (excluding those lapsed or cancelled in accordance with the terms of the Share Option Scheme) to such person under the Share Option Scheme and any other share scheme(s) of our Company in the 12-month period up to and including the date of the offer, (a) representing in aggregate over 0.1% of the number of Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5,000,000, such further grant of options must be approved by our Shareholders in general meeting.

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- (iii) Subject to (iv) below, at such general meeting, the grant of options to the substantial Shareholder or independent non-executive Director (or any of their respective associates or any person whose associate is a substantial Shareholder or an independent non-executive Director) shall be approved by our Shareholders in compliance with the requirements under the Listing Rules for voting at such meeting.
- (iv) (i), (ii) and (iii) above shall only apply for so long and insofar as the Listing Rules so require.

For the purpose of seeking the approval of our Shareholders under paragraphs (c)(iii), (d) and (e)(ii) above, our Company shall send a circular to our Shareholders containing the information required under the Listing Rules and where the Listing Rules shall so require, the vote at the Shareholders' meeting convened to obtain the requisite approval shall be taken on a poll with those persons required under the Listing Rules abstaining from voting.

**(f) Time of acceptance and exercise of an option**

An offer under the Share Option Scheme shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days from the date, which shall be a business day, on which the offer is made to the Eligible Participant.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by our Board and specified in the letter to the Grantee (the "**Option Period**"), which shall be ten years (or such shorter period as may be separately specified in the letter to the Grantee) from the date on which the option is granted or deemed to have been granted (the "**Commencement Date**").

An offer shall have been accepted by a Grantee when the duplicate letter comprising acceptance of the option duly signed by Grantee together with a remittance in favour of our Company of HK\$1.00 as consideration for the grant thereof is received by our Company. Such remittance shall in no circumstances be refundable.

Any offer may be accepted by an eligible participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a number of shares equal to a board lot for the purposes of trading shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the acceptance of the offer.

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### **(g) Performance targets**

Any grant of options under the Share Option Scheme may be subject to a performance target (if any) so as to achieve the purpose of the Share Option Scheme. The performance target, if any, shall be based on the performance of the Eligible Participant and/or the operating or financial performance of our Group including but not limited to the profit before tax of our Group and/or such other performance target to be determined by our Board in its absolute discretion from time to time, which shall be set out in the relevant offer letter in relation to the grant of options issued to each selected Eligible Participant.

### **(h) Subscription price for Shares**

The subscription price in respect of any option shall be such price as our Board may in its absolute discretion determine at the time of grant, provided that it shall not be less than the higher of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Commencement Date;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Commencement Date; and
- (iii) the nominal value of a Share.

### **(i) Ranking of Shares**

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Articles of Association (as may be amended from time to time) and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the date on which the Shares are allotted to a Grantee pursuant to the exercise of an option (the "**Allotment Date**") or, if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date, or if later, before the date of registration of the allotment in the register of members of our Company. A Share allotted and issued upon the exercise of an option shall not carry voting rights until the Shares are allotted and issued to him or her under the terms of the Share Option Scheme.

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### ***(j) Restrictions on the time of grant of options***

An offer of the grant of an option may not be made after inside information (as defined in the Listing Rules) has come to our Company's knowledge until (and including) the trading day after such inside information has been publicly disseminated in accordance with the Listing Rules. In particular, but only insofar as and for so long as the Listing Rules require (as may be amended from time to time), no option may be granted during the period commencing 30 days immediately before the earlier of:

- (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for our Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

The period during which no option may be granted will cover any period of delay in the publication of a results announcement.

### ***(k) Period of the Share Option Scheme***

The Share Option Scheme shall be valid and effective commencing from the date of the Share Option Scheme becoming unconditional upon fulfilment of the conditions set out in paragraph (w) below until the termination date as provided therein (which being the close of business of our Company on the date which falls 10 years from the date of the adoption of the Share Option Scheme).

### ***(l) Rights upon ceasing employment***

If the Grantee is an Eligible Employee and in the event of him/her ceasing to be an Eligible Employee for any reason other than on one or more of the grounds specified in paragraphs (m) and (n) below before exercising the option in full, the option (to the extent not already exercised) shall lapse immediately and not be exercisable by the Grantee (to the extent such option not become exercisable and not already exercised) on the date on which the Grantee ceases to be an Eligible Participant due to any of the following events:

- (i) the termination of employment of the Grantee by reason of resignation; or

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- (ii) termination of employment of the Grantee on the grounds of having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with creditors generally or redundancy ("**Cause**"), whereby a resolution of our Board to the effect that the Grantee or relevant Eligible Participant has or has not ceased to be an Eligible Participant for Cause shall be conclusive.

### ***(m) Rights on death, disablement or retirement***

If the Grantee is an Eligible Employee and in the event of his or her ceasing to be an Eligible Employee by reason of his death, total permanent physical or mental disablement or retirement under normal retirement conditions before exercising the option(s) in full, such option(s) may be exercised (to the extent not already exercised) (or, as the case may be, his or her legal personal representative(s)) within a period of 6 months following the date on which the Grantee ceases to be an Eligible Employee.

### ***(n) Misconduct, Misstatement in Financial Statements of our Group and Breach of Employment Contract***

In the event our Board determines that the Grantee:

- (i) has committed a Misconduct (as defined below);
- (ii) is involved in a material misstatement in our Company's financial statements;
- (iii) has committed a breach of the employment contract or, as the case maybe, the services agreement of the Grantee;
- (iv) the employment or, as the case maybe, the services agreement of the Grantee has been terminated on the grounds of Misconduct (as defined below);
- (v) whose conduct, in the reasonable opinion of our Board, amounts to gross negligence, fraud or dishonesty which results in or reasonably likely to result in a significant reputation damage to our Group or a material adverse effect to the financial position, business, prospects, performance or profitability of our Group;

Our Board may at its absolute discretion forfeit all the outstanding option(s) granted to the relevant Grantee but not yet vested and exercised without the approval of the relevant Grantee.

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A misconduct ("**Misconduct**") in relation to a Grantee refers to:

- (i) the Grantee being an Eligible Employee or an Eligible Related Entity Participant wilfully disobeys a lawful and reasonable order, or misconducts himself/herself, or is guilty of fraud or dishonesty, or is habitually neglectful in his/her duties, or any other events which result in a summary dismissal of his/her employment; or
- (ii) the Grantee being an Eligible Service Provider Participant without reasonable excuse or justification wilfully neglects or fails to perform his/her duty or acts in a manner that a reasonable person would consider seriously improper.

**(o) *Rights on takeover***

In the event of a general offer, whether by way of take-over offer, or share repurchase offer, or scheme of arrangement or otherwise in like manner, is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, our Company shall use its best endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full (to the extent not yet exercised) of the option(s) granted to them, Shareholders. If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his or her legal personal representative(s)) shall be entitled to exercise the option(s) in full (to the extent not already exercised) at any time within fourteen (14) days after the date on which such general offer becomes or is declared unconditional, following which the option(s) shall lapse.

**(p) *Rights on winding up***

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all Grantees and thereupon, each Grantee shall be entitled to exercise all or part of his/her option (to the extent not already exercised, irrespective of whether the option has become exercisable or not) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the



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notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

If the option is not exercised within the time specified, the option shall lapse.

***(q) Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and our members or creditors is proposed for the purposes of the amalgamation of our Company with any other company or companies (including a takeover by way of a scheme of arrangement), our Company shall give notice to the Grantees on the same date as it despatches the notice to each member or creditor of our Company summoning the meeting to consider such a compromise, arrangement or scheme, and thereupon the options shall vest or otherwise becomes immediately exercisable and the Grantees may until the expiry of the period commencing on such date and ending with the earlier of the date two calendar months thereafter or the date on which such compromise, arrangement or scheme is sanctioned by the court (but in any case no later than the expiration of the term of such option as set forth in the option agreement), exercise the options (to the extent already vested but not already exercised) but in each case conditional upon such compromise, arrangement or scheme being sanctioned by the court and becoming effective, and upon such compromise, arrangement or scheme becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise, arrangement or scheme.

If the option is not exercised within the time specified, the option shall lapse.

***(r) Reorganisation of Capital Structure***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation, subdivision, reduction or similar reorganisation of the share capital of our Company, such corresponding adjustment (if any) shall be made to:

- (i) the number or nominal amount of Shares subject to the option so far as unexercised;
- (ii) the exercise price;

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- (iii) the method of exercise of the option; and/or
- (iv) the maximum number of Shares under the Scheme Mandate Limit and/or the Service Provider Sublimit,

as the auditors or an independent financial adviser shall certify in writing to our Board either generally or as regard to any particular Grantee to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that:

- (i) any such adjustment shall be made on the basis that the aggregate exercise price payable by a Grantee on the full exercise of any option shall remain the same, or as nearly the same as possible as (but shall not be greater than) it was before such event;
- (ii) no such adjustment shall be made if the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) no such adjustment shall be made if the effect of which would be to increase the proportion of the issued share capital of our Company for which any Grantee is entitled to subscribe pursuant to the options held by such Grantee; and
- (iv) any such adjustment shall be made in compliance with the Listing Rules and such other guideline or supplementary guidance as may be issued by the Stock Exchange from time to time.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

### **(s) Cancellation of options**

Subject to the provisions in the Share Option Scheme and the Listing Rules, any option granted but not exercised may be cancelled by our Company with the approval of the relevant Grantee.

Where our Company cancels any option granted to a Grantee but not exercised and issues new option(s) to the same Grantee, the grant of such new option(s) may only be made under the Share Option Scheme with available mandate. Within the limits set out at paragraphs (c) and (d) above, the cancelled options shall not be added back to replenish the Scheme Mandate Limit.

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### **(t) Termination of the Share Option Scheme**

Our Company by resolution in general meeting or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered after the Share Option Scheme is terminated but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. All options granted prior to such termination and not then exercised or in respect of which Shares are not then issued shall remain valid.

### **(u) Personal right to the grantee**

An option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any option, or enter into any agreement so to do.

To the extent permissible by applicable laws and regulations (including the Listing Rules) and subject to the grant of waiver and the imposition of any conditions on the transfer by the Stock Exchange, a Grantee may transfer his/her option to a vehicle (such as a trust or to a wholly owned company) for the sole benefit of such Grantee and/or any family members of the Grantee and at the absolute discretion of the Grantee, provided that the option so assigned would continue to meet the purpose of the Share Option Scheme and will be reassigned back to the Grantee once the assignee ceased to be holding such option on the aforesaid basis.

### **(v) Lapse of option**

An option (or any part thereof as our Board may determine) shall lapse and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the Grantee ceasing to be an Eligible Participant;
- (ii) the expiry of the Option Period;
- (iii) the expiry of any of the relevant periods referred to in paragraphs above;  
and
- (iv) the date on which the Board certifies that for the reason of a breach of paragraph (u).

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### *(w) Others*

- (i) The Share Option Scheme shall take effect subject to and conditional upon:
  - (A) the passing of the resolutions by our Shareholders to approve and adopt the Share Option Scheme and to authorise our Board to grant options pursuant to this Scheme and to allot and issue Shares pursuant to the exercise of any options (including the passing of a separate resolution by our Shareholders approving the grant of options under the Share Option Scheme to the Eligible Service Provider Participants and the Service Provider Sublimit);
  - (B) the Stock Exchange granting approval for the [REDACTED] of, and permission to deal in, the Shares which may fall to be [REDACTED] upon the exercise of subscription rights attaching to the Options to be granted under the Share Option Scheme; and
  - (C) commencement [REDACTED] of the Shares on the Main Board of the Stock Exchange.
- (ii) The Share Option Scheme may be altered in any respect by resolution of our Board except that the provisions of the Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules shall not be altered to the advantage of Grantees or proposed Grantees except with the prior sanction of a resolution of our Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of our Shareholders under the Articles of Association for a variation of the rights attached to the Shares.
- (iii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, shall be approved by our Shareholders except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) Any change to the terms of the options granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the options was approved by the Board, the Remuneration Committee, the independent non-executive Director

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and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the Share Option Scheme.

- (v) The amended terms of the Share Option Scheme must comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (vi) Any change to the authority of our Board to alter the terms of the Share Option Scheme must be approved by our Shareholders in general meeting.

### 2. Present status of the Share Option Scheme

[REDACTED] has been made to the Stock Exchange for the [REDACTED] of, and permission to deal in, the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

As at the date of this document, no option has been granted or agreed to be granted under the Share Option Scheme.

## E. OTHER INFORMATION

### 1. Litigation

As at the Latest Practicable Date, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

### 2. Preliminary expenses

The preliminary expenses of our Company were approximately RMB69,000 and has been paid by our Company.

### 3. Promoter

- (a) Our Company does not have any promoter.
- (b) Within the two years preceding the date of this document, no amount or benefit has been paid or given to any promoters of our Company in connection with the [REDACTED] or the related transactions described in this document.

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### 4. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2023 (being the date to which the latest audited consolidated financial statements of our Group were prepared).

### 5. Tax and other indemnities

#### (a) *Tax on Dividend*

No tax is payable in Hong Kong in respect of dividend paid by us.

#### (b) *Profits Tax*

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15.0% on unincorporated businesses. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

#### (c) *Stamp Duty*

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

#### (d) *Estate Duty*

There is no estate duty in Hong Kong.

#### (e) *Deed of Indemnity*

Pursuant to the Deed of Indemnity given by our Controlling Shareholders Group in favour of our Company (and its subsidiaries) and conditional on the fulfilment of the conditions stated in “Structure of the [REDACTED]” in this document, each member of our Controlling Shareholders Group has unconditionally and irrevocably, jointly and severally covenanted, agreed and

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undertaken to indemnify and keep each of the members of our Group indemnified at all times on demand from and against any taxation or taxation claim falling on any of the Group companies resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the [REDACTED] or any event, transaction, act or omission occurring or deemed to occur on or before the [REDACTED] whether alone or in conjunction with any other events, acts or omission occurring or deemed to occur on or before the [REDACTED] and whether or not such taxation or taxation claim is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, the aforesaid provision shall require each member of our Controlling Shareholders Group to indemnify and at all times keep each member of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other member of our Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any member of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other members of our Group had previously reached agreement with a taxation authority.

However, the indemnities given by our Controlling Shareholders Group under the Deed of Indemnity do not cover, and our Controlling Shareholders Group shall be under no liability in respect of, any liability on taxation and taxation claim:

- (i) to the extent that provision has been made for such taxation or taxation claim in the audited consolidated financial statements of our Group or the audited financial statements of any member of our Group for an accounting period ended on or before 31 December 2023; or
- (ii) to the extent that such taxation claim or liability for such taxation arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong, the PRC or elsewhere), including without limitation the Inland Revenue Department and the tax bureaus of the PRC, having retrospective effect coming into force after the [REDACTED] or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the [REDACTED] with retrospective effect; or

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- (iii) falling on any member of our Group in respect of any accounting period commencing on or after 31 December 2023 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, our Controlling Shareholders Groups or any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:
  - (1) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the [REDACTED]; or
  - (2) pursuant to a legally binding commitment created on or before the date of the Deed of Indemnity or pursuant to any statement of intention made in this document; or
- (iv) to the extent that such liability is discharged by another person who is not a member of our Group and that no member of our Group is required to reimburse such person in respect of the discharge of such liability; or
- (v) to the extent of any provision or reserve made for such liability in the audited financial statements of any member of our Group up to 31 December 2023 referred to in paragraph (i) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders Groups liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, the members of our Controlling Shareholders Group have also unconditionally and irrevocably, jointly and severally agreed and undertaken to indemnify and keep each of members of our Group indemnified at all times on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties, orders and expenses incurred or suffered or loss of profits, benefits or other commercial advantages suffered by our Company and/or any member of our Group resulting from (i) the Reorganisation; (ii) any litigation, arbitration, claims (including counter-claims), complaints, demands and/or legal proceedings, whether of criminal, administrative, contractual, tortious or otherwise nature instituted by or against our Company and/or any members of our Group in relation to events occurred on or before the [REDACTED]; (iii) any and all of the non-compliances with the applicable laws, rules or regulations, by our Company and/or any member of our Group in their respective place of incorporations or operation which has occurred at any time on or before the [REDACTED]; and (iv) any losses that the Group may incur in relation to the social insurance fund and housing provident fund contribution non-compliances before the [REDACTED].



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### 6. The Sole Sponsor

The Sole Sponsor has made an [REDACTED] on behalf of our Company to the Stock Exchange for [REDACTED] of, and permission to [REDACTED] in, the Shares in [REDACTED] and to be [REDACTED] as mentioned in this document, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

The Sole Sponsor is independent from our Company pursuant to Rule 3A.07 of the Listing Rules.

The sponsor’s fees payable (or paid) by us in respect of the Sole Sponsor’s services as sponsor for the [REDACTED] is HK\$5.00 million.

### 7. Qualification of Experts

The following are the qualifications of the experts (as defined under the Hong Kong Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained in this document:

<u>Name</u>	<u>Qualification</u>
CCB International Capital Limited .....	Licensed corporation under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities), and type 6 (advising on corporate finance) regulated activities as defined under the SFO
Deloitte Touche Tohmatsu ..	Certified Public Accountants and Registered Public Interest Entity Auditors
Appleby .....	Legal adviser of our Company as to the laws of the Cayman Islands
Fangda Partners.....	Legal adviser as to PRC law
China Insights Industry Consultancy Limited .....	Industry consultant

### 8. Consents of Experts

Each of the experts as referred to in “E. Other Information—7. Qualification of Experts” in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their opinion, reports, letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

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None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

### 9. Binding Effect

This document shall have the effect, if an [REDACTED] is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

### 10. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the laws of Hong Kong).

This document is written in the English language and contains a Chinese translation for information purpose only. Should there be any discrepancy between the English language of this document and the Chinese translation, the English language version of this document shall prevail.

### 11. Miscellaneous

- (a) Save as disclosed in this document,
  - (i) within the two years immediately preceding the date of this document, neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
  - (ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
  - (iii) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the [REDACTED] or sale of any shares or loan capital of any member of our Group;

## APPENDIX IV

## STATUTORY AND GENERAL INFORMATION

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- (iv) no commission has been paid or payable (except commission to [REDACTED]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries;
  - (v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued; and
  - (vi) there is no arrangement under which future dividends are waived or agreed to be waived.
- (b) Our Directors confirm that:
- (i) since 31 December 2023 (being the date on which the latest audited consolidated financial statements of our Group were made up), there has been no material adverse change in our financial or trading position or prospects;
  - (ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document; and
  - (iii) our Company and other members of our Group have no outstanding convertible debt securities or debentures.

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## APPENDIX V                      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND ON DISPLAY

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### A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of each of the material contracts referred to in "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix IV to this document; and
- (b) the written consents referred to in "Statutory and General Information—E. Other Information—8. Consents of Experts" in Appendix IV to this document.

### B. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.glshuke.com](http://www.glshuke.com) up to and including the date which is 14 days from the date of this document:

- (a) the Memorandum of Association and the Articles of Association;
- (b) the Accountants' Report and the report on the unaudited [REDACTED] financial information of our Group from Deloitte Touche Tohmatsu, the texts of which are set out in Appendices I and II to this document;
- (c) the audited consolidated financial statements of our Company for the Track Record Period;
- (d) the letter of advice prepared by Appleby, our legal adviser on Cayman Islands law, in relation to certain aspects of Cayman Islands company law referred to in "Summary of the Constitution of Our Company and Cayman Islands Company Law" in Appendix III to this document;
- (e) the PRC legal opinions issued by Fangda Partners, our PRC legal adviser in respect of certain aspects of our Group and our property interest;
- (f) the CIC Report;
- (g) the Companies Act;
- (h) the material contracts referred to in "Statutory and General Information—B. Further Information About Our Business—1. Summary of Material Contracts" in Appendix IV to this document;

**APPENDIX V                      DOCUMENTS DELIVERED TO THE REGISTRAR OF  
COMPANIES AND ON DISPLAY**

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- (i) the written consents referred to in “Statutory and General Information—E. Other Information—8. Consents of Experts” in Appendix IV to this document;
  
- (j) service contracts and letters of appointment referred to in “Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors—(a) Particulars of Directors’ service contracts” in Appendix IV to this document; and
  
- (k) the rules of the Share Option Scheme.