

SUMMARY

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 a major connected services provider for players within the automotive aftermarket industry in China, with a focus on (i) in-vehicle hardware products; and (ii) SaaS marketing and management services, covering SaaS subscription services and SaaS value-added services, to the industry participants along the industry value chain. According to the CIC Report, we ranked first as a SaaS marketing and management service provider for the automotive aftermarket industry in China with a market share of 5.6% in terms of revenue in 2022, and we ranked second as a connected service provider for the automotive aftermarket industry in China with a market share of 3.8% in terms of revenue in 2022. According to CIC, in 2022 the automotive aftermarket industry is highly fragmented and consists of many subsectors. In terms of revenue, the market size of connected services for the automotive aftermarket industry accounted for approximately 0.9% of the much larger automotive aftermarket industry as whole.

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 and SaaS marketing and management services, and thus to achieve digital transformation. With decade-long operational experience, and coupled with our industry insight and an ability to harness the power 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.

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	%
Sales of in-vehicle hardware products						
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
SaaS marketing and management services						
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
Total	326,774	100.0	413,860	100.0	560,569	100.0

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

	FY2021		FY2022		FY2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%
Sales of in-vehicle hardware products						
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>
SaaS marketing and management services						
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>
Total	<u>94,681</u>	<u>29.0</u>	<u>173,189</u>	<u>41.8</u>	<u>251,778</u>	<u>44.9</u>

During the Track Record Period, we have recorded an increasing revenue and gross profit contribution from our SaaS value-added services. As a result of our change in product mix, the proportion of revenue contribution of our sales of in-vehicle hardware products business from FY2021 to FY2023 decreased. Such decrease was mainly attributable to (i) the negative impact brought by COVID-19 in China and on the operations of our 4S store customers; (ii) traveling restriction imposed within the PRC, leading to the reduced demand of our in-vehicle hardware products; and (iii) a change in our product mix on the increased sales of lower-cost and lower-priced in-vehicle hardware products such as core boards. Nevertheless, 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, among other factors, (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. While we have achieved a significant increase in our sales of in-vehicle hardware products from FY2022 to FY2023, the revenue contribution from the sales of in-vehicle hardware products in FY2022 and FY2023 slightly decreased from 41.7% in FY2022 and 40.3% in FY2023, which was primarily driven by the faster revenue growth in our SaaS marketing and management services during FY2023.

Since FY2021, as we strategically put our focus on expanding our SaaS value-added services, which have the highest gross profit among our business lines. Throughout the Track Record Period we focused on 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 as at 31 December 2022 to 1,429 stores as at 31 December 2023.

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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, 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 the FY2023, including the subsidies and incentives to boost automotive consumption. The significant revenue increase was also attributable to 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.

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 to FY2023, the revenue from SaaS subscription services further increased from RMB130.3 million to RMB134.5 million.

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. 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 SaaS marketing and management services do not require high hardware manufacturing or high installation costs. As such, we recorded a relatively lower gross profit margin for sales of in-vehicle hardware products at 15.1% in FY2021 as compared to other years during the Track Record Period. Our gross profit has progressively increased from RMB173.2 million for FY2022 to RMB251.8 million for FY2023, which was mainly attributable to the increase in revenue in both our SaaS value-added services and sales of in-vehicle hardware products.

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Key operating data

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 ⁽¹⁾	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 ⁽²⁾ (RMB'000)	65	76	87
Gross profit per 4S store customer for SaaS marketing and management services ⁽³⁾ (RMB'000)	30	45	56
Gross profit margin of 4S customers using our SaaS marketing and management services ⁽⁴⁾	45.7%	59.0%	64.4%

Notes:

- (1) Number of active 4S store customers using our 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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OUR BUSINESS MODEL

We endeavor to provide connected services for customers in the Chinese automotive aftermarket industry. 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, which are in-vehicle hardware connected to the back-end platform-based infrastructure wirelessly, which utilizes an access platform we developed for receiving, storing and processing data generated by in-vehicle 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. Our key products include in-vehicle infotainment systems, in-vehicle safety systems and core boards. Our sales of in-vehicle hardware products business has deposited 4S store customers for our SaaS marketing and management services and has provided a means to reach out car users.

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 95% of the total passenger car parc in 2022, and this share is expected to be 80% by 2027. Therefore passenger cars are expected to continue to occupy a significant portion of the automotive aftermarket. We launched our online and offline integrated marketing services business in 2022, which mainly targets in-service cars through promotions including but not limited to group purchasing, product recommendations, live streaming and offline experience marketing, and these initiatives would provide continuing support for our sales of in-vehicle hardware for existing cars. We believe that the demand and the market share for our Group’s in-vehicle hardware going forward will continue to grow for the following reasons: (i) our Group’s business has expanded into the after-sales market of 4S stores in the automotive aftermarket to upgrade the in-vehicle equipment of existing cars, with the total passenger car parc expected to remain sizeable for the future, which can be demonstrated by, during the Track Record Period, our revenue generated from sales of in-vehicle hardware products for existing cars which represented revenue contributed by new customers after launching group purchasing campaigns was nil, RMB14.0 million and RMB9.3 million, respectively, showing a stable trend year on year when comparing FY2022 with FY2023; (ii) we have been continuously developing our customer base to increase our 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 2022 with a 2.6% market share. We believe that there exists potential for our market share to increase, and we will continue to increase the sales channels of the in-vehicle hardware products to enhance

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the market share of our products; and (iii) the overall market size of the automotive aftermarket industry will rise steadily. According to the CIC report, the total revenue of sales of in-vehicle hardware products for the automotive aftermarket industry is expected to increase from RMB6.6 billion in 2022 to RMB7.4 billion in 2027 at a CAGR of 2.5%. In terms of product categories, the market size of categories such as in-vehicle infotainment systems and core boards is still growing. We will continue to focus on the opportunities of different hardware categories in the market and continue to introduce in-vehicle hardware products that meet the market demand in order to grow our market share of the in-vehicle hardware space.

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.

Nevertheless, our sales of in-vehicle hardware business may face competition with OEM manufacturers and other auto parts manufacturers. However, the categories of automotive hardware available in the automotive aftermarket industry are diverse, and the Company possesses several advantages and distinctive characteristics in comparison to other players in the automobile aftermarket, which would allow us to stay competitive in this market: (i) we primarily offer customised digitalised hardware products that align with the trend of connected services for the automotive aftermarket in China, rather than offering traditional auto parts such as tyres and brake pads, so there will be more growth opportunities for our hardware products in the future; (ii) we mainly focus on automotive aftermarket customers (4S stores) and have accumulated a significant client base within the industry, whereas other auto parts providers have a significant portion of business that involves offering generic products to OEMs, hence their relationships with automotive aftermarket customers (in particular, 4S stores) are weaker; and (iii) we have differentiated competitive strengths in special verticals, such as SaaS marketing and management services, which could improve our diversity of services and products, hence gain synergistic effect to improve our selling ability of our hardware products.

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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		Average		Average	
	selling price	Sales volume	selling price	Sales volume	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 a decrease in the average selling prices of our in-vehicle hardware products, which was primarily caused by the mix of products sold within a particular year, as products that have sophisticated functionalities (such as infotainment systems) or newly launched products that have more advanced functionalities would generally sell for higher prices, whereas products with fewer functionalities (such as in-vehicle safety products) would sell for lower prices. The decrease in average selling prices of in-vehicle safety system products from FY2021 to FY2022 was primarily due to the model of one of our in-vehicle safety system products being transformed into a general-purpose model with lower unit price. Besides, from FY2021 to FY2022, the sales volume of our in-vehicle infotainment system products and safety system products experienced a decreasing trend, primarily attributable to lower demands for these products by our customers, which our Directors understand were suffering from lower demands for automotive aftermarket services as these services generally correlate with vehicle usage, and the economic uncertainties in FY2021 had negatively affected demand for new hardware in vehicles (such as in-vehicle infotainment and safety systems) and also services required from the automotive aftermarket as a whole. In order to boost our sales, we launched, among other initiatives, the group purchasing campaign service under our SaaS value-added service, as a result of which, we achieved a rebound in our sales volume of in-vehicle infotainment system in FY2022 and FY2023. In FY2023, there was an increase in the average selling price of our in-vehicle safety system due to the increase in the sales volume of one of our in-vehicle safety products (which had higher unit price) from the sales of these products through group purchasing campaign service.

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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. Please refer to “Business—Supply Chain Management—Our Suppliers—Outsourced Production Arrangement” for further details.

- **SaaS marketing and management services:** We provide SaaS subscription services, including Dijia SaaS targeting 4S store customers and channel partners, and 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 services under Dijia SaaS provides tools to gain insights into the needs of car users, reach out car users and improve marketing capabilities. 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. 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.

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 Arrangement” for further details.

Revenue from our sales of in-vehicle hardware products business is recognised at the point in time when controls of the hardware is transferred, being when the products are accepted by the customers.

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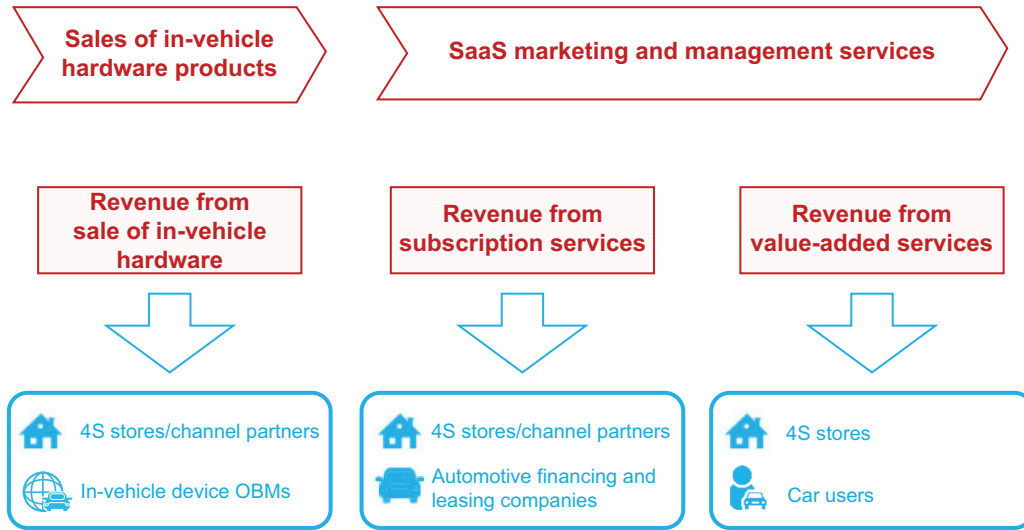
Revenue from the SaaS subscription services under SaaS marketing and management services are recognised over time. Payment received from subscribers in advance are recorded as contract liabilities at contract inception, and amortised over the subscription period. For contract where the in-vehicle hardware sold has utility on their own, we treat the in-vehicle hardware and SaaS subscription services being 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 separately. In such arrangement, transaction price is allocated to the two performance obligations based on their relative standalone selling prices. For contracts where the in-vehicle hardware sold is adapted to the subscribed SaaS service and could not be used and sold separately, we determine 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.

Revenue from SaaS value-added services under SaaS marketing and management services are recognised over the service delivery period, which is generally within a day.

We take pride in our business model which encompasses both hardware and software elements of automotive connected products and services, with our in-vehicle hardware products both 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. It should be noted that because there are limited circumstances in which our Dijia SaaS services interact with our in-vehicle hardware products (namely, in-vehicle safety hardware for location retrieval functionalities), therefore our revenue from Dijia SaaS services does not materially depend on our sales volume of in-vehicle hardware products. For each year during 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 sales of in-vehicle hardware products including our Internet-enabled in-vehicle hardware is also an enabler SaaS and SaaS value-added services delivery, which can better meet the full vehicle life-cycle needs of car users 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 customised auto decoration products and services to enhance the enjoyment value of the cars that they purchase. With our SaaS value-added services, we also help our 4S store customers provide services that meet the needs of car users throughout the full vehicle life-cycle, including car usage experience enhancements such as auto decoration, which would enhance the enjoyment value of car ownership. During the Track Record Period, our revenue contributed from cross-segment customers amounted to RMB209.5 million, RMB228.3 million and RMB281.9 million, respectively.

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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—Strengths”

- A major connected 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.
- Continue to enhance our algorithmic modeling capabilities.

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- 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 full vehicle life-cycle service needs of car users.
- 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.

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 during each

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year accounted for approximately 52.7%, 38.6% and 33.3% of our total revenue, respectively. During the same periods, our largest customer 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 during each year accounted for approximately 64.2%, 55.4% and 54.9% of our total purchase amounts, respectively. During the same periods, our largest supplier accounted for approximately 29.4%, 21.1% and 16.7% of our total purchase amounts, respectively.

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.

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COMPETITION

We face competition in the automotive aftermarket industry primarily from other connected services providers of the automotive aftermarket industry. Additionally, hardware and software companies, who do not yet offer products and services for the connected products and services 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. We believe our competitive advantages lie in our leading position in the SaaS marketing and management services space, our long experience in the in-vehicle space for the automotive aftermarket industry and providing in-vehicle hardware products, our well-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.

CONTRACTUAL ARRANGEMENTS

Background

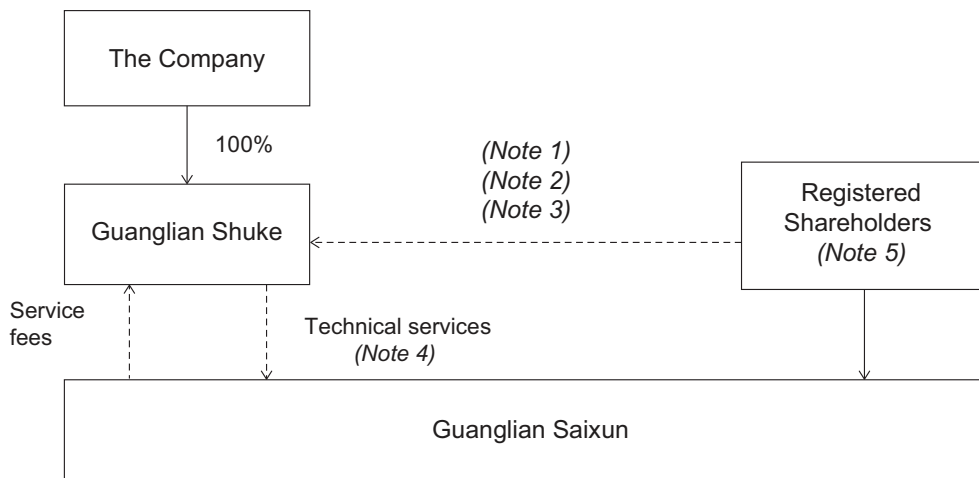
We engage in the business of sales of in-vehicle hardware products and the provision SaaS marketing and management services covering SaaS subscription services and SaaS value-added services. Under the PRC laws and regulations, (a) our SCRM system, which forms part of our SaaS marketing and management 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. See “History, Reorganisation and Corporate Structure” for further information on the Guanglian Saixun and Hanhuaxing Technology.

SUMMARY

We have entered into a series of contractual arrangements with our Consolidated Affiliated Entity and its 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.

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

SUMMARY

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.

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.

SUMMARY

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 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”.

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

	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	<u>RMB’000</u>	<u>RMB’000</u>	<u>RMB’000</u>
Revenue	326,774	413,860	560,569
Cost of sales	<u>(232,093)</u>	<u>(240,671)</u>	<u>(308,791)</u>

SUMMARY

	FY2021	FY2022	FY2023
	RMB'000	RMB'000	RMB'000
Gross profit	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	(1,930)	(1,637)	(2,283)
Profit before taxation	40,364	53,023	58,968
Income tax expense	(5,291)	(5,606)	(7,426)
Profit for the year	35,073	47,417	51,542
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

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

SUMMARY

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

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].

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.

	<u>As at 31 December</u>		
	<u>2021</u>	<u>2022</u>	<u>2023</u>
	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)

SUMMARY

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 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.

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 the financial assets at FVTPL and increased trade and other receivables.

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
Net (decrease)/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

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

SUMMARY

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
Profitability ratio			
Gross profit margin ⁽¹⁾	29.0%	41.8%	44.9%
Net profit margin ⁽²⁾	10.7%	11.5%	9.2%
Return on equity ⁽³⁾	13.2%	16.1%	15.2%
Return on total assets ⁽⁴⁾	6.8%	8.8%	9.1%
	As at 31 December		
	2021	2022	2023
Liquidity ratio			
Current ratio ⁽⁵⁾	1.6 times	2.1 times	2.9 times
Quick ratio ⁽⁶⁾	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.
- (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, and that the [REDACTED] is not exercised.

SUMMARY

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;
- 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;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to seek potential strategic investment and collaboration opportunities;
- approximately [REDACTED]%, or HK\$[REDACTED] million, will be used for our working capital and general corporate purposes.

[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 of 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—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] and assuming the [REDACTED] is not exercised, 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.

SUMMARY

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 economic benefits from, Guanglian Saixun. We have applied to the Stock Exchange for[, and the Stock Exchange has granted,] waivers from strict compliance with the 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.

SUMMARY

[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]; (ii) the [REDACTED] is not exercised; and (iii) [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]

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 which may be [REDACTED] and [REDACTED] upon the exercise of the [REDACTED] or (ii) any Shares which may be issued 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 [●], 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 [●]” 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 [●] 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.

SUMMARY

[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]) 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] stated in this document and assuming no [REDACTED] will be exercised), mainly comprising fees paid or payable to professional parties 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.

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.

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.

SUMMARY

Based on the unaudited management account for the one month ended 31 January 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.

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 imposition of the various pandemic mitigation measures above by the PRC Government had similarly 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. However, during the Track Record Period, we received government subsidies for employment support in relation to COVID-19 in the amount of approximately RMB27,000, RMB51,000 and RMB1,000, respectively, but we did not receive other COVID-19 related relief in relation to social insurance or rent concessions during the Track Record Period.

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. 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

SUMMARY

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 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.

Recent regulatory development relating to 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 [REDACTED] 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, 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 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]. Please refer to the section headed “Business – Cybersecurity and Personal Data Privacy” for further details.