

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 leading intelligent connected services provider in the automotive aftermarket industry in China, with a focus in providing (i) digital link solutions; and (ii) digital marketing and management solutions, 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 in the digital marketing and management solutions for the automotive aftermarket industry in China with a market share of 5.6% in terms of revenue in 2022, and we ranked second in the intelligent connected services for the automotive aftermarket industry in China with a market share of 3.8% in terms of revenue in 2022.

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 digital link solutions and digital marketing and management solutions, and thus to achieve digital transformation. With decade-long operational experience, and coupled with our industry insight and the power of technology and innovation, we have developed industry-specific solutions for industry participants along the automotive aftermarket industry 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:

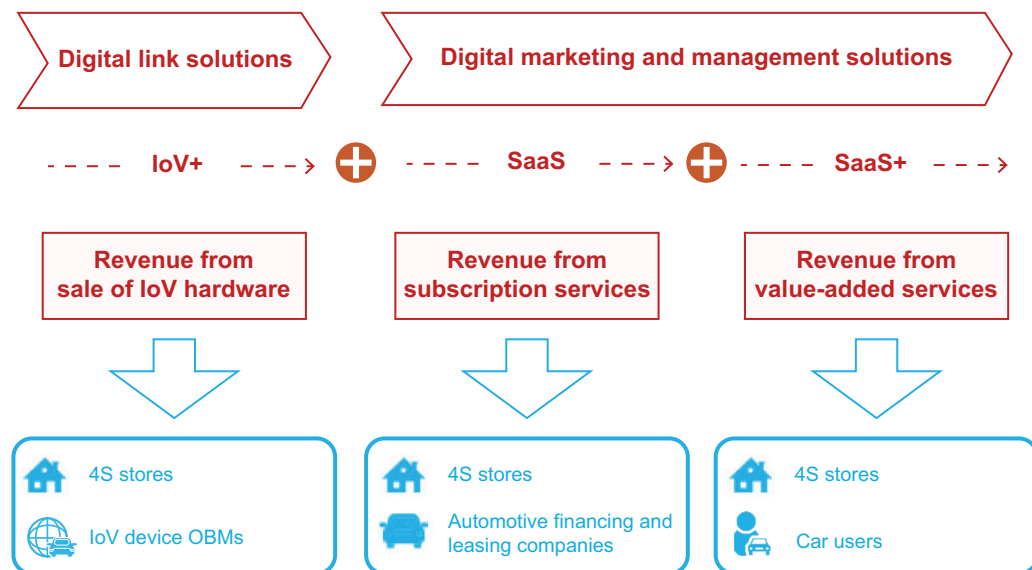
	FY2020		FY2021		FY2022	
	Revenue	Percentage of revenue	Revenue	Percentage of revenue	Revenue	Percentage of revenue
	RMB'000	%	RMB'000	%	RMB'000	%
Digital link solutions	210,432	59.8	175,947	53.8	172,672	41.7
Digital marketing and management solutions						
SaaS subscription services	141,652	40.2	141,513	43.3	130,270	31.5
SaaS+ value-added services	–	–	9,314	2.9	110,918	26.8
Sub-total	141,652	40.2	150,827	46.2	241,188	58.3
Total	<u>352,084</u>	<u>100.0</u>	<u>326,774</u>	<u>100.0</u>	<u>413,860</u>	<u>100.0</u>

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OUR BUSINESS MODEL

We endeavor to provide intelligent connected digital solutions for customers in the Chinese automotive aftermarket industry. We offer (i) digital link solutions, including (a) intelligent IoV hardware solutions by providing IoV hardware such as in-vehicle infotainment systems and in-vehicle safety systems through either direct sales or sales through our channel partners, and (b) intelligent core board solution by offering intelligent core boards to IoV device OBM customers through direct sales; and (ii) digital marketing and management solutions, which we provide through offering (a) Dijia SaaS to 4S store customers through either direct sales or sales through our channel partners, and offering HuGe e-Shield SaaS to automotive financing and leasing companies through direct sales, and (b) SaaS+ value-added services, providing light auto modifications and accessories products and services to car users and online and offline integrated marketing services to our 4S store customers.

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 leading intelligent connected services provider in the automotive aftermarket in China
- Industry specific and diversified digital solutions
- Strong research and development capability and industry insight
- Extensive customer base and stable relationships with customers
- Visionary management team with extensive experience

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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.
- Broaden our customer base and expand the service scope of our solutions.
- Expand the varieties of SaaS+ innovative 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, services and solutions.
- 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.

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OUR CUSTOMERS AND SUPPLIERS

Major customers

Our customers for sales of digital link solutions and digital marketing and management solutions during the Track Record Period mainly included 4S stores, channel partners, automotive financing and leasing companies and IoV device OBMs. During the Track Record Period, our five largest customers accounted for approximately 62.8%, 52.7% and 38.6% of our total revenue, respectively. During the same periods, our largest customer accounted for approximately 40.7%, 31.6% and 21.8% 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 accounted for approximately 48.8%, 64.2% and 55.4% of our total purchase amounts, respectively. During the same periods, our largest supplier accounted for approximately 20.1%, 29.4% and 21.1% 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 digital link solutions, 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 intelligent 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 light auto modifications and accessories products and services to them. We also receive marketing service fees for helping our customers to achieve innovative 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 intelligent connected services providers of the automotive aftermarket industry. Additionally, vendors that do not yet participate in the automotive aftermarket industry may expand to offer their own digital link solutions and digital marketing and management solutions using their technologies, such potential competitors may include IoV hardware products manufacturers and software service providers. We believe our competitive advantages lie in our leading position in the digital marketing and management services space, our long experience in the IoV space for the automotive aftermarket industry and providing digital link solutions, our strong 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

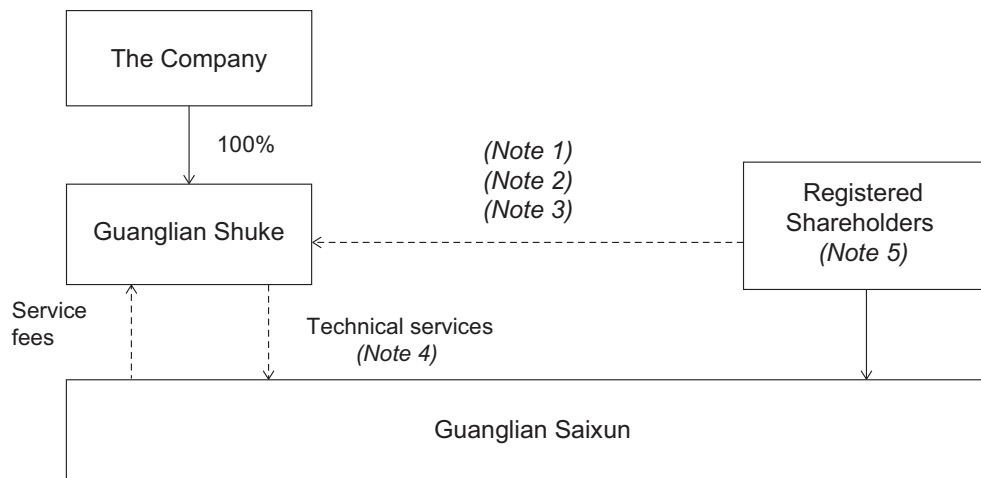
We engage in the business of providing digital link solutions and digital marketing solutions covering SaaS subscription services and SaaS+ value-added services. Under the PRC laws and regulations, (a) our SCRM system, which forms part of our digital marketing and management solutions, requires us to possess the value-added telecommunications business licence, and (b) our HuGe e-Shield SaaS, and other digital marketing and management solutions 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 Combined Affiliated Entity. We do not directly own any equity interest in our Combined 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.

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We have entered into a series of contractual arrangements with our Combined 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 Combined Affiliated Entity will be instructed and supervised by our Group, through Guanglian Shuke, and all risks arising from the businesses of the Combined Affiliated Entity are also effectively borne by our Group as a result of such Combined 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 Combined Affiliated Entity through the Contractual Arrangements as a whole.

The following simplified diagram illustrates the flow of economic benefits from our Combined 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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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 are uncertainties regarding 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 Combined Affiliated Entity by Guanglian Shuke, through which we operate our business in the PRC.

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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 Combined 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 COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2020	2021	2022
	RMB’000	RMB’000	RMB’000
Revenue	352,084	326,774	413,860
Cost of sales	(242,336)	(232,093)	(240,671)

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	Year ended 31 December		
	2020	2021	2022
	RMB'000	RMB'000	RMB'000
Gross profit	109,748	94,681	173,189
Other income	16,362	15,000	9,675
Other gains and losses	(54)	260	8,164
Impairment losses recognised under expected credit loss model (“ECL”), net . .	(3,936)	(74)	(521)
Distribution and selling expenses	(26,641)	(31,807)	(91,280)
Administrative expenses	(19,744)	(17,348)	(18,367)
Research and development expenditure . .	(19,043)	(16,803)	(16,999)
Share of result of an associate	–	(57)	–
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(1,320)	(1,930)	(1,637)
Profit before taxation	55,372	40,364	53,023
Income tax expense	(6,979)	(5,291)	(5,606)
Profit for the year	48,393	35,073	47,417
Profit for the year attributable to:			
Owners of the Company	45,056	31,831	44,145
Non-controlling interests	3,337	3,242	3,272
	48,393	35,073	47,417

NON-IFRS MEASURES⁽¹⁾

The following table sets forth the adjusted profit and adjusted net profit margin in each respective year during the Track Record Period:

	FY2020	FY2021	FY2022
	RMB'000	RMB'000	RMB'000
Profit for the year	48,393	35,073	47,417
Adjusted for [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted profit for the year (unaudited) ⁽²⁾	48,393	36,631	56,618
Adjusted net profit margin for the year (unaudited) ⁽³⁾	13.7%	11.2%	13.7%

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Notes:

- (1) To supplement our combined financial statements which are presented in accordance with IFRS, we also presented adjusted profit and adjusted net profit margin 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 by eliminating potential impact of non-recurring item that does not affect our ongoing operating performance.
- (2) We calculated the adjusted profit for the year by adding back the [REDACTED] to the profit for the year as presented in accordance with IFRS.
- (3) We calculated the adjusted net profit margin by dividing adjusted net profit for the year by revenue for the year end and multiplied by 100%.

Selected items from the Combined Statements of Cash Flows

	FY2020	FY2021	FY2022
	RMB'000	RMB'000	RMB'000
Net cash from operating activities.	46,882	57,591	30,279
Net cash (used in)/from investing activities.	(175,576)	(36,729)	80,994
Net cash from/(used in) financing activities.	6,039	6,276	(18,196)
Net (decrease)/increase in cash and cash equivalents	(122,655)	27,138	93,077
Cash and cash equivalents at beginning of year	140,681	18,026	45,164
Cash and cash equivalents at end of the year, represented by bank balances and cash.	18,026	45,164	138,241

KEY FINANCIAL RATIOS

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

	Year ended 31 December		
	2020	2021	2022
Gross profit margin ⁽¹⁾	31.2%	29.0%	41.8%
Net profit margin ⁽²⁾	13.7%	10.7%	11.5%
Return on equity ⁽³⁾	20.8%	13.2%	16.1%
Return on total assets ⁽⁴⁾	9.5%	6.8%	8.8%

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	As at 31 December		
	2020	2021	2022
Current ratio ⁽⁵⁾	1.2 times	1.6 times	2.1 times
Quick ratio ⁽⁶⁾	1.1 times	1.5 times	2.1 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 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 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.

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.

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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 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, assuming the [REDACTED] is not exercised. 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 Combined 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”.

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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] and [REDACTED] in the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) [REDACTED] Shares are issued 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 combined net tangible assets per Share of the Company attributable to owners of the Company (Note)	HK\$[REDACTED]	HK\$[REDACTED]

Note: 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.”

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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] of HK\$[REDACTED] to HK\$[REDACTED] per Share consisting of [REDACTED]-related expenses (including but not limited to [REDACTED]) of approximately RMB[REDACTED] million and non-[REDACTED] related expenses of approximately RMB[REDACTED] million.

During the Track Record Period, [REDACTED] was [REDACTED], 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 capitalised and 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 IoT 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 providing (i) digital link solutions; and (ii) digital marketing and management solutions. 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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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 2022 being the end of the Track Record Period, and there is no event since 31 December 2022 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.

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 has 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 impacted by the containment measures that have been put in place.

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

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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.

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 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.