Application Proof of

KEYTOP PARKING INC.
厦門科拓通訊技術股份有限公司
(the "Company")

(A joint stock company incorporated in the People's Republic of China with limited liability)

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KEYTOP PARKING INC.*
廈門科拓通訊技術股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

[REDACTED]

Total number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per H Share, plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application and subject to refund on final pricing)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Joint Sponsors,* [REDACTED], [REDACTED]**

CICC 中金公司 民銀資本 CMBC CAPITAL HOLDINGS LIMITED

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The [REDACTED], on behalf of the [REDACTED], may, with the consent of our Company, reduce the [REDACTED] below that stated in this document (being HK$[REDACTED] per H Share to HK$[REDACTED] per H Share) at any time on or prior to the morning of the last date for lodging applications under the [REDACTED]. In such a case, notices of the reduction in the number of [REDACTED] and/or the [REDACTED] will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.keytop.com.cn as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the [REDACTED]. For further information, see the sections headed "Structure of the [REDACTED]" and "How to Apply for [REDACTED]" in this document.

Pursuant to the termination provisions contained in the **[REDACTED]** in respect of the **[REDACTED]**, the **[REDACTED]** on behalf of the **[REDACTED]**, have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the **[REDACTED]** pursuant to the **[REDACTED]** at any time prior to 8:00 a.m. on the **[REDACTED]**. Further details of the terms of the termination provisions are set out in the section headed "**[REDACTED]** — **[REDACTED]** Arrangements and Expenses — **[REDACTED]** — Grounds for Termination." It is important that you refer to that section for further details.

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[REDACTED]

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IMPORTANT

[REDACTED]

IMPORTANT

[REDACTED]

[REDACTED]

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

[REDACTED]

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This summary aims to give you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As this is only a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to **[REDACTED]** *in the* **[REDACTED]**.

There are risks associated with any **[REDACTED]**. *Some of the particular risks in* **[REDACTED]** *in the* **[REDACTED]** *are set out in "Risk Factors." You should read that section carefully before you decide to* **[REDACTED]** *in the* **[REDACTED]**. *Various expressions used in this section are defined or explained in "Definitions" and "Glossary of Technical Terms" in this document.*

VISION

Make urban living better through AI-empowered smart parking.

MISSION

To revolutionize the parking industry through AI-driven innovation, creating a sustainable ecosystem that makes mobility harmonious, greener, and more efficient.

OVERVIEW

We are a leader and pioneer in China's smart parking space operation industry. Leveraging AI and data-driven technology, we are deeply engaged in driving the digital and intelligent transformation of urban parking. Since our inception in 2006, we have evolved into a comprehensive parking industry group that integrates smart solutions, smart services, and smart operations. According to the CIC Report, we are among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry. We also rank No. 2 in terms of revenue in 2024 in China's smart parking space operation industry, according to the same source.

We focus on integrating intelligent technologies to connect the three key aspects of urban parking: people, vehicles, and parking facilities. In doing so, we aim to enhance management capabilities, improve operating efficiency, and elevate service standards in urban parking, providing compelling value propositions for parking asset owners and operators on the one hand, and vehicle owners and drivers on the other. With nearly two decades of industry experience, we have supported over 68,000 parking facilities and 13 million parking spaces as well as 300 million vehicles on a cumulative basis across over 60 countries and regions. We served over 34,000 parking facilities during the Track Record Period, with 2.1 million daily retail parking orders and RMB20.5 million daily transaction volume in 2024, respectively, culminating in an annual transaction volume of over RMB7.5 billion in the same year. We are also developing an online parking space rental platform, where owners of parking facilities and individual parking spaces can post their available spaces and vehicle owners and drivers can navigate and rent these spaces on demand, to further improve resource utilization in the parking space operation industry. As long-term rental users of our industry continue to grow rapidly, we believe that we can effectively benefit from the network effects generated by our platform and achieve sustainable growth.

We have constantly led the development of China's smart parking space operation industry through technology and innovation. According to the CIC Report, in 2006, we were the first to introduce parking space availability LED indicators in China, leading the transition from "blind parking" to the digital guidance era. In 2010, we pioneered vehicle search terminals incorporating video recognition technology to resolve the challenges for vehicle owners and drivers to locate their vehicles. In 2012, we were the first in the industry to promote and apply a video-based ticketless parking fee management system, and the first to enable WeChat Pay in 2014. In 2017, we innovated our business model to offer cloud-based remote management of unattended parking facilities. In 2023, we launched our *YongCe Pro*, the first intelligent digitalization parking operation system in China's smart parking space operation industry, to drive the industry transformation through AI.

Building on our strategic focus on technology and operations, we have developed our full-stack, cross-scenario business portfolio that encompasses smart solutions, smart services and smart operations. This empowers seamless connections and efficient collaboration across all aspects of parking facilities and activities. We also are able to identify and address the diverse needs of parking asset owners and operators as well as vehicle owners and drivers throughout the entire intelligent digitalization process.

- **Smart Solutions.** Leveraging IoT, mobile payments, big data, and AI technologies, we have developed comprehensive smart solutions covering enclosed parking facilities, on-street parking spaces, pedestrian management, and multi-parking facility management. With our integrated smart solutions comprising intelligent hardware, cloud-based software systems, and user-end applications, we enable end-to-end intelligent digitalization of parking facilities across a diverse range of parking scenarios. Leveraging our keen insights into customer demands, we have forged strong ties with renowned enterprises in a wide array of industry verticals such as commercial development, residential real estate, cultural tourism, technology, logistics parks, hospitals, communities and public services. Notably, we have collaborated closely with esteemed customers including China Resources Group, China Overseas Holdings Limited and China Vanke Co., Ltd., among others. Our smart solutions served 9,273, 11,723 and 12,213 parking facilities in 2022, 2023 and 2024, respectively. With nearly 20 years of operational experience and data accumulation, we have established a proprietary intelligent data middle platform, which lays a solid digital foundation for our global AI parking training center and for our smart services and smart operations businesses.

- **Smart Services.** Premised upon our comprehensive smart solutions and leveraging our AI-driven remote, centralized management capabilities and online-offline integrated services, we offer highly efficient smart services to parking asset owners and operators. Our smart services business is designed around the core values of unattended oversight, intelligent decision-making, and intensive operations and management. We believe that our smart services establish a new paradigm in modern smart parking by reducing operating costs and boosting management efficiency for parking asset owners and operators, while also creating seamless parking experience for vehicle owners and drivers. Our smart services served 3,883, 4,603 and 4,890 parking facilities in 2022, 2023 and 2024, respectively.

  We spearhead the transformation of parking management from a traditional, labor-intensive, subjective experience-based approach to an intelligent, data-driven paradigm characterized by automation, standardization, and intelligence. Through our self-developed AI-native applications such as "AI kiosk," "AI parking manager," and "AI customer service agent," we significantly reduce manpower investments and achieve remarkable improvements in parking management efficiency. For example, we use AI kiosks to remotely replace on-site personnel and employ various AI-powered functions, therefore reducing traditional labor investments from a kiosk agent to parking lane ratio of 3:1 to 1:200, where one kiosk agent can manage 200 parking lanes simultaneously. Additionally, leveraging our *YongCe Pro*, the first intelligent digitalization parking operation system in China's smart parking space operation industry, we effectively coordinate and manage multiple parking facilities to achieve optimal efficiency.

- **Smart Operations.** Drawing on extensive data, proprietary technology, and deep industry experience, we have extended our business beyond smart solutions and smart services to further innovate the operational models of parking facilities and, more importantly, elevate the asset value of urban parking through digital intelligence. We adopt a strategy combining data-driven insights and scenario-based innovation in developing our smart operations, exploring and maximizing the monetization potential spanning the entire lifecycle of a parking facility. To date, we have developed multiple innovative operational models under our smart operations business, covering parking facility operations, value-added operations, and platform operations. Our smart operations served 10,388, 13,928 and 16,846 parking facilities in 2022, 2023 and 2024, respectively, reflecting the rapid expansion and growing adoption of our operational models. Our contract operation model served 112 parking facilities with 66,480 parking spaces in 2024.

Utilizing our first-mover advantages and established digital infrastructure, we have accumulated a wealth of dynamic data of parking facilities and activities, which can be translated into operational benefits leveraging AI and big data analytics technologies. This allows us to provide highly precise operational analysis and diagnostics to identify weaknesses and deliver targeted optimization strategies, such as optimizing pricing strategies and resource allocation. Moreover, we leverage our scenario-based operations and precise traffic direction capabilities to help customers make use of their idle resources and expand their revenue streams, thereby enhancing overall asset utilization. In addition, our analysis of a daily traffic flow of 25.4 million vehicles in 2024 supports targeted marketing and customer acquisition for parking facilities. Through these efforts, our smart operations business has reshaped parking management by transforming parking facilities from mere support structures into intelligent, profit-generating businesses.

Leveraging the network effects generated by our online parking space rental platform, we are able to build an online parking resource pool and promote the collaborative growth of parking space owners and long-term parking space renters. Premised upon the data-driven insights we derive, we can effectively promote the integration of autonomous parking technologies, improving its accuracy and supporting broader parking applications.

We experienced robust growth during the Track Record Period. Our smart solutions, smart services, and smart operations are applied across a growing number of scenarios and geographical regions globally. We also have seen a notable improvement in our financial performance. Our revenue increased by 13.7% from RMB649.2 million in 2022 to RMB738.0 million in 2023, and further increased by 8.3% to RMB799.5 million in 2024. Specifically, revenue generated from our smart solutions and smart services remained steady growth, with revenue from smart solutions totaling RMB390.9 million, RMB452.6 million and RMB478.9 million in 2022, 2023, and 2024, respectively, and revenue from smart services totaling RMB174.3 million, RMB186.9 million and RMB194.7 million in the same periods, respectively. Revenue generated from our smart operations increased rapidly by 17.6% from RMB82.4 million in 2022 to RMB96.9 million in 2023, and further by 28.2% to RMB124.2 million in 2024. We had net profit of RMB12.3 million, RMB87.0 million and RMB86.7 million in 2022, 2023 and 2024, respectively, and adjusted net profit (non-IFRS measure) of RMB18.1 million, RMB89.4 million and RMB91.7 million in the same periods, respectively. See "Financial Information — Non-IFRS Measure" for a reconciliation of our profit and total comprehensive income for the year to adjusted net profit (non-IFRS measure).

MARKET OPPORTUNITY

Urban parking plays a crucial role in the urban transportation system, and its efficiency and management level have a direct impact on urban traffic flow, resource utilization, and residents' travel experience. According to the CIC Report, China is the largest country in the world in terms of vehicle parc, with its vehicle parc reaching 345.7 million by the end of 2024. In the meantime, the number of parking spaces in China was only 190.0 million, with a ratio of vehicles to parking spaces of 1:0.5, according to the CIC Report, which is well below the ideal ratio ranging from 1:1.1 to 1:1.5 pursuant to the Planning Guidelines for Urban Parking Facilities issued by the PRC Ministry of Housing and Urban-Rural Development. This gap between supply and demand is a major factor contributing to urban parking difficulties for vehicle owners and drivers. The gap between parking supply and demand, coupled with the sustained growth in parking needs in China, have jointly generated a demand for expanding parking infrastructure and optimizing the utilization efficiency of existing parking facilities, thereby propelling the development of the parking space operation industry in China. According to the CIC Report, the market size of China's parking space operations in terms of revenue is expected to continue to increase from RMB777.7 billion in 2024 to RMB1,196.6 billion in 2029, representing a CAGR of 9.0%.

According to the CIC Report, the parking sector in China is facing a number of pain points. First, there is a notable mismatch between the supply and demand of parking spaces, which leads to parking difficulties and intensified urban traffic congestion. In addition, the transition to green and low-carbon urban parking facilities is lagging behind, which hinders the overall sustainable development of urban transportation. Furthermore, many parking facilities operate under a traditional, rudimentary model and suffer from low utilization of their parking resources, which limits their ability to grow revenues and profits. As parking facilities increasingly evolve towards larger, more centralized, and more automated models, there is a growing demand for products and services that offer improved precision, efficiency, and user-friendliness. Therefore, it is imperative for the urban parking sector to go through digital and intelligent transformation. The market size of China's smart parking space operations in terms of revenue is expected to increase from RMB24.5 billion in 2024 to RMB91.9 billion in 2029, representing a CAGR of 30.3%, according to the CIC Report.

Smart parking space operations primarily encompass smart parking systems, smart parking management services, and smart parking asset operations. Currently, most smart parking space operators in China possess the capability to provide only one or two of these core segments. Among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry, we have developed a business portfolio encompassing smart solutions, smart services, and smart operations that covers the entire lifecycle of the intelligent digitalization of urban parking scenarios. This enables us to maximize parking resources, optimize the efficiency of parking facilities, and improve the parking experience for vehicle owners and drivers.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued success and set us apart from our competitors:

- leader and pioneer in the intelligent digitalization of urban parking in China, with decades of innovation track record;
- top-notch technology capabilities and technology-driven, data-oriented business insights;
- first mover in closed-loop lifecycle management with industry-leading service level;
- robust commercialization capabilities underpinned by full-stack, cross-scenario business portfolio and highly flexible and scalable business model; and
- visionary and experienced management team with high-caliber personnel.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business:

- continue to invest in R&D and intelligent technologies and expand our talent pool;
- deepen our smart operations business and tap into markets with huge market potentials;
- strengthen our marketing network and enlarge our customer base; and
- extend our global outreach and expand our global presence.

CUSTOMERS AND SUPPLIERS

We have developed and delivered our solutions and services to parking asset owners and operators across various scenarios. In 2022, 2023 and 2024, revenue generated from our top five customers in each year during the Track Record Period accounted for 10.8%, 12.2% and 16.9% of our total revenue, respectively, and revenue generated from our largest customer in each year during the Track Record Period accounted for 3.8%, 4.1% and 6.4% of our total revenue, respectively.

Our suppliers primarily include providers of certain hardware components, contract construction and other raw materials used in the production of our smart parking systems, and contract manufacturing services. In 2022, 2023 and 2024, purchase from our top five suppliers in each year during the Track Record Period accounted for 15.4%, 17.3% and 15.9% of our total cost of sales, respectively, and purchase from our largest supplier in each year during the Track Record Period accounted for 6.5%, 7.3% and 6.4% of our total cost of sales, respectively.

RISK AND CHALLENGES

Our business and the operations involve certain risks and uncertainties, which are set out in the section headed "Risk Factors" in this document. Our evolving business portfolio makes it difficult to evaluate our prospects and the risks and challenges that we may encounter. Our historical growth may not be indicative of our future performance. If we fail to compete effectively, our business, results of operations, and financial condition may be materially and adversely affected. The size of our addressable markets and the demand for smart parking space operation may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations, and financial condition. The industries that we operate in are characterized by constant changes. If we fail to stay abreast of technological innovation and continually advance our smart parking offerings to meet the expectations and needs of our customers, our business, results of operations, and financial condition may be materially and adversely affected. As different **[REDACTED]** may have different interpretations and criteria when determining the significance of a risk, you should carefully read the "Risk Factors" section in its entirety before you decide to **[REDACTED]** in our **[REDACTED]**.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present the summary of our consolidated financial information during the Track Record Period and should be read together with our historical financial information and the related notes set forth in the Accountants' Report in Appendix I to this document, as well as the section headed "Financial Information."

Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth our consolidated statements of profit and loss and other comprehensive income for the periods indicated.

	For the Year Ended December 31,					
	2022		2023		2024	
	RMB	%	RMB	%	RMB	%
	(in thousands, except for percentages)					
Revenue	**649,230**	**100.0**	**738,015**	**100.0**	**799,511**	**100.0**
Cost of sales	(369,625)	(56.9)	(395,295)	(53.6)	(432,576)	(54.1)
Gross profit	**279,605**	**43.1**	**342,720**	**46.4**	**366,935**	**45.9**
Other net income	26,351	4.1	39,783	5.4	19,494	2.4
Selling expenses	(139,043)	(21.4)	(154,136)	(20.9)	(159,509)	(20.0)
Administrative expenses	(69,767)	(10.7)	(63,632)	(8.6)	(65,237)	(8.2)
Research and development expenses	(44,448)	(6.8)	(42,613)	(5.8)	(45,029)	(5.6)
Impairment loss on investment properties	(4,195)	(0.6)	(3,236)	(0.4)	(884)	(0.1)
Impairment loss on other non-current assets	(9,742)	(1.5)	(924)	(0.1)	(867)	(0.1)
Impairment loss on trade receivables and contract assets	(19,064)	(2.9)	(12,362)	(1.7)	(9,588)	(1.2)
Reversal of impairment loss /(impairment loss) on bill receivables and other receivables	827	0.2	(191)	(0.0)	(3,025)	(0.4)
Profit from operations	**20,524**	**3.2**	**105,409**	**14.3**	**102,290**	**12.8**
Finance costs	(2,266)	(0.3)	(3,451)	(0.5)	(1,629)	(0.2)
Share of net (losses)/profits of associates	(98)	(0.0)	271	0.0	(1,761)	(0.2)
Profit before taxation	**18,160**	**2.8**	**102,229**	**13.9**	**98,900**	**12.4**
Income tax	(5,857)	(0.9)	(15,199)	(2.1)	(12,191)	(1.5)
Profit and total comprehensive income for the year	**12,303**	**1.9**	**87,030**	**11.8**	**86,709**	**10.8**

Non-IFRS measure

We use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe that the non-IFRS measure provides useful information to **[REDACTED]** and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management.

We define adjusted net profit (non-IFRS measure) as profit and total comprehensive income for the year adjusted by equity-settled share-based payment expenses. Equity-settled share-based payment expenses represent the non-cash employee benefit expenses incurred in connection with our share incentive schemes. Such expenses in any specific period are not expected to result in future cash payments and are not indicative of our core operating results.

The following table reconciles our adjusted net profit (non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented under IFRSs.

	For the Year Ended December 31,		
	2022	2023	2024
		(RMB in thousands)	
Profit and total comprehensive income for the year	**12,303**	**87,030**	**86,709**
Adjusted for:			
Equity-settled share-based payment expenses	5,835	2,383	4,978
Adjusted net profit	**18,138**	**89,413**	**91,687**

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	2023	2024
		(RMB in thousands)	
Total non-current assets	345,793	360,633	419,505
Total current assets	758,794	828,057	919,244
Total current liabilities	297,498	323,247	382,404
Net current assets	461,296	504,810	536,840
Total non-current liabilities	25,268	21,000	39,636
Total equity	781,821	844,443	916,709

Summary of Consolidated Cash Flow Statements

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	For the Year Ended December 31,		
	2022	2023	2024
		(RMB in thousands)	
Net cash (used in)/generated from operating activities	(5,629)	182,025	66,421
Net cash used in investing activities	(34,341)	(21,176)	(55,400)
Net cash generated from/(used in) financing activities	15,340	(90,648)	(36,804)
Net (decrease)/increase in cash and cash equivalents	(24,630)	70,201	(25,783)
Cash and cash equivalents at the beginning of the year	144,818	120,274	190,384
Effect of foreign exchange rate changes	86	(90)	(262)
Cash and cash equivalents at the end of the year	120,274	190,384	164,339

Key Financial Ratios

The following table sets forth our key financial ratios as of the dates or for the periods indicated.

	As of/For the Year Ended December 31,		
	2022	2023	2024
Gross profit margin	43.1%	46.4%	45.9%
Net profit margin	1.9%	11.8%	10.8%
Adjusted net profit margin (non-IFRS measure)	2.8%	12.1%	11.5%
Current ratio (times)	2.6	2.6	2.4
Quick ratio (times)	2.4	2.4	2.2

See "Financial Information — Key Financial Ratios."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Sun and Mr. Huang, who have entered into the joint control arrangements, were entitled to collectively control 53.65% of the voting power at the general meetings of our Company, comprising (1) 26.37% beneficially owned by Mr. Sun directly, (2) 23.94% beneficially owned by Mr. Huang directly, and (3) 3.34% beneficially owned by Hualong Electronics, which is a company with limited liability controlled and owned by Mr. Huang and Mr. Sun as to 51.00% and 49.00%, respectively. Upon the **[REDACTED]**, Mr. Sun and Mr. Huang will collectively control **[REDACTED]**% of the voting power at the general meetings of our Company, comprising (1) **[REDACTED]**% beneficially owned by Mr. Sun directly, (2) **[REDACTED]**% beneficially owned by Mr. Huang directly, and (3) **[REDACTED]**% beneficially owned by Hualong Electronics, assuming the **[REDACTED]** is not exercised. Therefore, Mr. Sun, Mr. Huang and Hualong Electronics constituted as of the Latest Practicable Date and will continue to constitute upon the **[REDACTED]** a group of Controlling Shareholders. See "Relationship with Our Controlling Shareholders" and "History, Development and Corporate Structure" for further details.

[REDACTED] INVESTMENTS

To fund our rapid business expansion and diversify our shareholder base, we have conducted several rounds of **[REDACTED]** investments, which benefits us in various respects, including, among others, the capital funds that the **[REDACTED]** investors invested in our Company as well as their business resources, networks, knowledge, and experience. See "History, Development and Corporate Structure — **[REDACTED]** Investments" for details of the principal terms of our **[REDACTED]** investments and the identities and backgrounds of our **[REDACTED]** investors.

DIVIDEND

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

According to our dividend policy, any dividends we pay will be determined at the discretion of our general meetings of Shareholders. We shall consider paying dividends in appropriate proportions, provided that we ensure sufficient funding for normal operations and development. In 2022, 2023 and 2024, our Company declared cash dividends of RMB20.0 million, nil and RMB20.0 million, respectively, all of which had been paid in full. See Note 30 to the Accountants' Report included in Appendix I to this document for details.

LEGAL PROCEEDINGS AND COMPLIANCE

As of the Latest Practicable Date, we were not involved in any litigation, arbitration, or administrative proceeding pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, results of operations, and financial condition. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations, and financial condition. See "Business — Legal Proceedings and Compliance" for details.

[REDACTED]

The numbers in the following table are based on the assumptions that (1) the **[REDACTED]** has been completed and **[REDACTED]** H Shares are issued and sold in the **[REDACTED]**, (2) the **[REDACTED]** is not exercised, and (3) **[REDACTED]** Shares are issued and outstanding following the completion of the **[REDACTED]**.

	Based on an [REDACTED] of HK$[REDACTED] per H Share	**Based on an [REDACTED] of HK$[REDACTED] per H Share**
Market capitalization immediately after completion of the **[REDACTED]**	HK$**[REDACTED]** million	HK$**[REDACTED]** million
Unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) All statistics in this table are presented based on the assumption that the **[REDACTED]** is not exercised.

(2) The calculation of market capitalization is based on **[REDACTED]** Shares expected to be in issue and outstanding following the completion of the **[REDACTED]**.

(3) The unaudited **[REDACTED]** adjusted consolidated net tangible asset of the Group attributable to owners of the Company per Share is calculated after the adjustments referred to in "Appendix II — Unaudited **[REDACTED]** Financial Information" to this document.

[REDACTED]

We expect to incur a total of approximately RMB**[REDACTED]** million of **[REDACTED]** expenses in connection with the **[REDACTED]**, representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the **[REDACTED]** between HK$**[REDACTED]** and HK$**[REDACTED]**, and assuming that the **[REDACTED]** is not exercised), including (1) **[REDACTED]** related expenses (including but not limited to **[REDACTED]** and fees) of approximately RMB**[REDACTED]** million, and (2) non-**[REDACTED]** expenses of approximately RMB**[REDACTED]** million, which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB**[REDACTED]** million, and (ii) other fees and expenses of approximately RMB**[REDACTED]** million. We expect to incur **[REDACTED]** of approximately RMB**[REDACTED]** million prior to and upon completion of the **[REDACTED]**, out of which approximately RMB**[REDACTED]** million is expected to be charged to our consolidated statements of profit and loss and other comprehensive income, and approximately RMB**[REDACTED]** million is expected to be deducted from equity upon the completion of the **[REDACTED]**. The **[REDACTED]** above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

[REDACTED]

We estimate that the **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]** million, assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the indicative range of the **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share), and that the **[REDACTED]** is not exercised.

We currently intend to use **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts as set out below:

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to advance our R&D efforts and enhance our technological capabilities;

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to deepen our smart operations business and increase our operational scale;

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to extend our marketing and service networks and further explore global expansion opportunities;

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, for working capital and other general corporate purposes.

For details, see "Future Plans and **[REDACTED] — [REDACTED]**."

NO MATERIAL ADVERSE CHANGE

Our Directors confirmed that, subsequent to the Track Record Period and up to the Latest Practicable Date, there had been no material adverse change in our financial or **[REDACTED]** position, and there had been no event that would materially affect the information in the Accountants' Report in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms and expressions have the meanings set forth below.

"affiliate"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	Accounting and Financial Reporting Council
"Articles of Association" or "Articles"	the articles of association of our Company, as amended, which shall become effective on the **[REDACTED]**, and whose summary is set out in Appendix III to this document
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
"CAGR"	compound annual growth rate

[REDACTED]

"China" or "PRC"	the People's Republic of China, excluding, for the purpose of this document only, Hong Kong Special Administrative Region, Macao Special Administrative Region, and Taiwan region
"CIC Report"	an industry report commissioned by us and independently prepared by China Insights Consultancy
"China Insights Consultancy"	China Insights Industry Consultancy Limited, the industry consultant of our Company

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Keytop Parking Inc. (廈門科拓通訊技術股份有限公司), incorporated under the PRC laws on June 27, 2006 as a limited liability company and converted into a joint stock company under the PRC laws on August 28, 2011
"Controlling Shareholders"	Mr. Sun, Mr. Huang and Hualong Electronics, being a group of controlling shareholders of our Company pursuant to the Listing Rules

[REDACTED]

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of our Company
"Domestic Shares"	ordinary Shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares not currently **[REDACTED]** or **[REDACTED]** on any stock exchange
"EIT Law"	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), as amended, supplemented or otherwise modified from time to time

[REDACTED]

"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[REDACTED]

"GAAP"	Generally Accepted Accounting Principles

[REDACTED]

"Group," "our Group," "we" or "us"	our Company and its subsidiaries (or our Company and any one or more of its subsidiaries, as the context may require)
"H Share(s)"	overseas-**[REDACTED]** foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be **[REDACTED]** for and **[REDACTED]** in Hong Kong dollars and are to be **[REDACTED]** on the Stock Exchange

[REDACTED]

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

[REDACTED]

[REDACTED]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

[REDACTED]

[REDACTED]

"Hualong Electronics"	Xiamen Hualong Electronics Technology Co., Ltd. (廈門鏵龍電子科技有限公司, formerly known as 廈門鏵龍投資管理有限公司), incorporated under the PRC laws on May 23, 2014 as a limited liability company and a Controlling Shareholder
"IFRSs"	IFRS Accounting Standards as issued by the International Accounting Standard Board
"Independent Third Party(ies)"	person(s) or company(ies), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected person(s) of our Company within the meaning ascribed thereto under the Listing Rules

[REDACTED]

"International Sanctions"	all applicable laws and regulations related to economic sanctions, export controls, trade embargoes, and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered, and enforced by the U.S. government, the European Union and its member states, the United Kingdom, the United Nations or government of Australia
"International Sanctions Legal Advisor"	Hogan Lovells, our legal advisors as to International Sanctions laws in connection with the **[REDACTED]**

[REDACTED]

"Joint Sponsors"	the joint sponsors as named in "Directors and Parties Involved in the **[REDACTED]**" in this document
"Latest Practicable Date"	April 21, 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this document prior to its publication

[REDACTED]

"Listing Committee"	the Listing Committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"Mr. Huang"	Mr. Huang Jinlian (黃金練), one of our founders, an executive Director and a Controlling Shareholder
"Mr. Sun"	Mr. Sun Longxi (孫龍喜), one of our founders, the chairman of the Board, an executive Director, our Company's general manager and a Controlling Shareholder
"NDRC"	the National Development and Reform Commission of the PRC （中華人民共和國國家發展和改革委員會）
"Nomination Committee"	the nomination committee of the Board

[REDACTED]

"OFAC"	the U.S. Department of Treasury's Office of Foreign Assets Control
"PRC Legal Advisors"	King & Wood Mallesons, being the legal advisor as to the PRC laws

[REDACTED]

[REDACTED]

"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Jurisdiction"	any jurisdiction that is relevant to our Company and has sanctions related law or regulation restricting, among other things, its nationals and/or entities which are incorporated or located in that jurisdiction from directly or indirectly making assets or services available to or otherwise dealing in assess or certain countries, governments, person or entities targeted by such law or regulation. For the purpose of this document, Relevant Jurisdictions include the U.S., the European Union, the United Kingdom, the United Nations and Australia
"Relevant Person"	our Company, together with our **[REDACTED]** and Shareholders and persons who might, directly or indirectly, be involved in permitting the **[REDACTED]**, clearing and settlement of our Shares, including the Stock Exchange and related group companies
"Relevant Region"	Iran, Egypt, Hong Kong, Iraq, Russia (excluding the Crimea/Luhansk People's Republic (LPR)/Donetsk People's Republic (DPR)/Kherson/Zaporizhzhia regions), and Turkey
"Remuneration Committee"	the remuneration and appraisal committee of our Board
"Reporting Accountants"	KPMG
"RMB"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)

"Sanctioned Person"	certain person(s) and identity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the U.S., EU, UK, UN or Australia
"SDN"	individuals and entities that are listed on the SDN List
"SDN List"	the list of Specially Designated Nationals, and Blocked Persons maintained by OFAC, which sets forth individuals and entities that are subject to its sanctions and restricted from dealings with U.S. persons
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s)

[REDACTED]

"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"Track Record Period"	the three years ended December 31, 2024

[REDACTED]

"U.S. Securities Act"	the Securities Act of 1933, as amended, of the United States, and the rules and regulations promulgated thereunder
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States

In this document, the terms "associate," "close associate," "connected person," "core connected person," "connected transaction," "subsidiaries," and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains terms used in this document as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"AI"	artificial intelligence technology, engineered systems that generate content, predictions, recommendations, or decisions oriented toward human-defined objectives
"AIoT"	artificial intelligence of things, the combination of AI technologies with the IoT infrastructure to achieve more efficient IoT operations, improve human-machine interactions and enhance data management and analytics
"application"	application software designed to run on mobile devices
"big data"	the use of advanced analytic techniques against large, diverse sets of information, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, correlations and other useful information that can help organizations make more informed decisions
"cloud computing"	a paradigm for enabling network access to a scalable and elastic pool of shareable physical or virtual resources with self-service provisioning and administration on-demand
"cloud-based"	the on-demand access to shared pools of applications, services and resources via the internet using third-party hosted servers
"computer vision"	a field of AI that uses machine learning and neural networks to teach computers and systems to derive meaningful information from digital images, videos and other visual inputs, and to make recommendations or take actions when they see defects or issues
"deep learning"	a subset of machine learning that utilizes multi-layered neural networks, known as deep neural networks, to simulate the complex decision-making power of the human brain

"edge computing"	a distributed paradigm that brings computing and storage closer to terminal devices for lower latency compared to centralized cloud or on-premises deployment
"foundation model"	a machine learning or deep learning model that is trained on vast datasets so it can be applied across a wide range of use cases
"heterogeneous network"	a type of network architecture that combines multiple access technologies and different types of cells to provide seamless connectivity and improve network performance
"IoT"	internet of things, the network of physical devices embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data, allowing these devices to communicate with each other and with users
"intelligent digitalization parking operation system"	intelligent digitalization parking operation system includes, but is not limited to, enterprise resource planning (ERP) system, customer relationship management (CRM) system, business intelligence (BI) analysis tools, and digital statistical reporting tools
"LLM"	large language model, a machine learning model designed to process and generate humanlike language by leveraging statistical patterns learned from vast corpora of text data
"LoRa"	a wireless technology that offers long range, low power and secure data transmission for IoT applications
"LPWAN"	low-power wide-area network, a class of wireless communications technology that has been purpose-built for low-bandwidth lot applications
"multi-modal fusion"	the process of integrating and processing data from multiple sources or modalities (e.g., text, images, audio) to enhance machine learning models' performance and decision-making accuracy

GLOSSARY OF TECHNICAL TERMS

"parking facility"	a place or structure where vehicles can be parked, typically accommodating multiple parking spaces and offering amenities such as security, lighting, payment systems, and electric vehicle charging stations
"parking space"	a designated area within a parking facility or an open space where a single vehicle can be parked
"parking space operation"	the comprehensive operations of parking facilities, including hardware devices installation and maintenance, software systems deployment, parking management services, and parking asset operations within parking facilities, realized through either manual labor or intelligent technologies
"plug-in"	a software extension component that adds new features to an application without altering the core structure of the software
"RAG"	retrieval-augmented generation, an innovative approach in the field of natural language processing that combines the strengths of retrieval-based and generation-based models to enhance the quality of generated text
"R&D"	research and development
"SaaS"	software as a service, a category of cloud services that provides a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted
"smart parking space operation"	the intelligent operations of parking facilities, typically utilizing advanced technologies such as IoT, mobile payments, cloud computing, big data and AI to fulfil the demands of digitalized management and operations generated from the whole process of parking space operations
"terminal-edge-cloud"	a loosely coupled distributed system composed of multiple interconnected computing nodes on the device, at the edge, and in the cloud computing environment

FORWARD-LOOKING STATEMENTS

We have included in this document forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This document contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this document. Forward-looking statements can be identified by words such as "may," "will," "should," "would," "could," "believe," "expect," "anticipate," "intend," "plan," "continue," "seek," "estimate," or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our projections, business strategy and development activities as well as other capital spending, financing sources, the effects of regulation, expectations concerning future operations, margins, profitability and competition. The foregoing is not an exclusive list of all forward-looking statements we make.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. We caution you therefore against placing undue reliance on any of these forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business prospects;
- our business strategies and plans to achieve these strategies;
- future developments, trends and conditions in and competitive environment for the industries and markets in which we operate;
- general economic, political and business conditions in locations where we operate;
- our financial condition and performance;
- our capital expenditure plans;
- our dividend policy;

- changes to the regulatory environment, policies, operating conditions of and general outlook in the industries and markets in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- the extent and nature of, and potential for, future development of our business;
- the actions of and developments affecting our competitors;
- the actions of and developments affecting our major customers and suppliers; and
- certain statements in the sections headed "Risk Factors," "Industry Overview," "Regulatory Overview," "Business," "Financial Information," "Relationship with our Controlling Shareholders" and "Future Plans and **[REDACTED]**" with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends.

Any forward-looking statement made by us in this document speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

[REDACTED] *in our H Shares involves significant risks. You should carefully read and consider all of the information in this document, including the risks and uncertainties described below, before deciding to* **[REDACTED]** *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, results of operations, financial condition and growth prospects. In any such case, the market* **[REDACTED]** *of our H Shares could decline, and you may lose all or part of your* **[REDACTED]**. *The risks and uncertainties identified below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business and results of operations.*

Our business and operations involve certain risks and uncertainties, many of which are beyond our control. These risks can be broadly categorized into (1) risks relating to our business and industry, (2) risks relating to conducting business in China, and (3) risks relating to the **[REDACTED]**.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our evolving business portfolio makes it difficult to evaluate our prospects and the risks and challenges that we may encounter. Our historical growth may not be indicative of our future performance.

We have continued to expand our business since our inception. We began providing smart solutions in 2006 and have been continuing to enrich and develop our business matrix with smart services and smart operations. We achieved robust growth during the Track Record Period. However, you should not consider our historical performance as indicative of our future financial performance. As a result of our evolving business portfolio and limited operating history in certain offerings, it is difficult to draw an exact period-over-period comparison of our business, results of operations and financial condition as a whole.

As our addressable markets are rapidly evolving, and our business further develops, we may modify our business model and operations. We may launch new offerings or discontinue any existing ones for strategic purposes. Any of such modifications or changes may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our evolving business portfolio and limited operating history in certain offerings make it difficult to evaluate our prospects and the risks and challenges we may encounter. These risks and challenges include our ability to:

- accurately forecast our revenue and budget for our expenses;
- enlarge our customer base in a cost-effective manner;
- comply with existing and new laws and regulations applicable to our business;
- plan for and manage capital expenditures for our current and future operations;
- anticipate and respond to macroeconomic and industrial changes;
- maintain and enhance the value of our reputation and brand;
- effectively manage our growth;
- increase our market share in existing regions and expand into new regions;
- hire, integrate and retain talented people at all levels of our Company;
- successfully develop new product features, offerings and services to enhance the experience of our customers; and
- anticipate and adapt to evolving market conditions, including technological developments and changes in the competitive landscape.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this "Risk Factors" section, our business, results of operations and financial condition could be materially and adversely affected. In addition, because we have limited historical financial data and operate in rapidly evolving markets, any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or changed, or if we do not address these risks successfully, our results of operations could differ materially from our expectations and our business, results of operations and financial condition could be adversely affected.

If we fail to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.

China's smart parking space operation industry is intensely competitive. Our competitors may have greater brand recognition, longer corporate operating history and broader established customer base than us. They may also have, or in the future gain, more financial resources and sophisticated technological capabilities than us. Furthermore, our competitors may be able to respond more quickly and effectively to new or changing opportunities, technologies, regulatory requirements or customer demand than us. In addition, as our business portfolio continues to evolve, the basis for the competition may become different, and we are likely to face additional competitors.

We may also face competition from new entrants who may offer lower prices or new technologies and offerings, and thus increase the level of competition in the future. Intensified competition could result in lower sales, price reduction, declined profit margins or loss of market share. Furthermore, we may be required to make substantial additional investments in R&D, sales and marketing, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future offerings in response to such competitive challenges, and we cannot assure you that these measures will be effective. If we are unable to compete successfully, our business, results of operations and financial condition may be materially and adversely affected.

The size of our addressable markets and the demand for smart parking space operation may not increase as rapidly as we anticipate due to a variety of factors, which would materially and adversely affect our business, results of operations and financial condition.

China's smart parking space operation industry has been developing rapidly. The future demand for our smart parking offerings may, however, be difficult to anticipate since it depends on a number of variables, most of which are beyond our control. For example, changes in individual behavior and society, such as the increased adoption of remote working arrangements and online meetings, may lead to a decline in demand for our smart parking offerings. In addition, long-term changes in the transportation industry and transportation preferences among the general public could also have a negative impact on our business, such as the increased focus on reduction of greenhouse gas emissions and the increased use of alternative public transportation, as they may lead to a decline in parking demand. Similarly, changes in national policies regarding the development of the vehicle industry may impact private vehicle ownership, which, in turn, will impact the demand of our smart parking offerings. Furthermore, customer demands are affected by other macroeconomic factors.

The prospect of the smart parking space operation industry is also uncertain and may develop slower than we expect. The market prospect depends on a number of factors, including, among others, the level of market recognition, competing technologies and the industry's own development. If smart parking space operation fails to gain widespread acceptance, or if customer demand declines due to weakening economic conditions, technical challenges, data security or privacy concerns, enhanced regulations, or the emergence of alternative technologies or products and services, our business, results of operations and financial condition will be materially and adversely affected.

In addition, the market demand and acceptance of smart parking offerings may vary across different regions. Whether potential customers accept our solutions and services depends, to a large extent, on their level of awareness of such offerings and the widespread adoption of similar offerings, as well as the regional economic and demographic conditions. As we aim to expand our business both domestically and internationally, we may face challenges brought by more diverse and complex regional conditions. We cannot assure you that the trend of adopting and utilizing smart parking space operation products and services by potential customers will develop or continue in the future in any given area, which in turn would hinder our business and prospects.

The industries that we operate in are characterized by constant changes. If we fail to stay abreast of technological innovation and continually advance our smart parking offerings to meet the expectations and needs of our customers, our business, results of operations and financial condition may be materially and adversely affected.

The industries that we operate in are characterized by constant changes, including rapid technological evolution, frequent introduction of new products and services, continual shifts in customer demands, and the constant emergence of new industry standards and practices. As such, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. We need to constantly anticipate the emergence of new technologies and assess their market acceptance. To remain competitive, we must continue to stay abreast of the evolving industry trends and rapid technological development. Our business growth also relies on our ability to identify and anticipate the evolving expectations and needs of customers in a timely manner, and develop and provide satisfying products and services accordingly.

We have invested, and will continue to invest, significant resources to enhance our smart parking offerings. Nevertheless, given the fast pace with which the technology has been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. We may also not be able to leverage new technologies effectively or adapt our offerings to meet customer needs or emerging industry standards, and our technological approach might not align with our future development plans or even become obsolete if we are unable to adapt in a cost-effective and timely manner to changing market conditions, whether for technical, legal, financial or other reasons. Any of the circumstances would render our existing technologies or offerings obsolete or unattractive. Our failure to keep up with the technological development in the smart parking space operation industry and deliver effective solutions may result in customer dissatisfaction, which will materially and adversely affect our business, results of operations, financial condition and prospects.

Our success depends in large part on our ability to successfully execute our growth strategies.

We intend to pursue a number of strategies to further grow our business, in particular to advance our smart operations business, strengthen our R&D capabilities, further intelligentize and digitalize our operations, broaden our customer base and extend our global reach. See "Business — Growth Strategies" for details. Our ability to successfully execute our growth strategies can be affected by many factors, including market demand fluctuations, changes in global economic and social conditions, and our ability to recruit sufficient talents. Any failure or delay in implementing any part of our growth strategies may result in insufficient capacity to support our growth and expansion. In addition, we may be subject to the risk of potential over-expansion if we fail to accurately assess our capacity and generate anticipated returns. If we over-expand our smart operations business, it may compromise our profitability and overall growth strategies.

The successful execution of our growth strategies also depends on our ability to attract sufficient capital investment, including both the ability to secure equity capital investments and bank borrowings on commercially reasonable terms and the ability to enhance the profitability and cash flows generated from our operating activities. If we cannot timely attract sufficient capital investment, or if the actual costs exceed our original estimate, we may experience delay or failure in executing our growth strategies, which may further materially and adversely affect our business, results of operations and financial condition.

If we fail to retain existing customers, attract new customers or increase their spending, our business, results of operations and financial condition may be materially and adversely affected.

Our ability to generate and increase our revenue depends largely on our ability to retain existing customers, attract new customers or increase their spending with us. This in turn would depend on a number of factors, including our ability to offer high-quality products and services that address the needs of our customers at competitive prices, roll out new and enhanced features and functionalities, strengthen our technological capabilities and adapt to the evolving industry trends and competitive landscape.

Furthermore, our customer base and customer spending with us may decline or fluctuate due to many factors, including customer satisfaction, customer budget levels, changes in our customers' underlying businesses, changes in the type and size of our customers, pricing, competitive landscape and general economic conditions. For example, as our customers in the real estate industry undergo a business transformation, they may focus more on their core business, which lead the transition of our collaboration model from smart solutions and smart services to smart operations. This has led to a rapid growth in our contract operation model. Therefore, it is crucial for us to remain agile and responsive to changing customer needs and evolving market landscape, and to continuously assess and refine our strategies to ensure alignment. We may also fail to execute our sales and marketing strategies in a cost-effective manner or our efforts to cross-sell and up-sell may not be as successful as we anticipate. Moreover, failure to maintain high-quality customer support may also have an adverse effect on customer retention. Such failures could result in customer dissatisfaction and decrease in the overall demand for our products and services, which would materially and adversely affect our business, results of operations, financial condition and prospects.

As we have been and will continue expanding and diversifying our customer base, the demands of our customers may differ from each other and evolve over time. As such, we need to upgrade, expand and modify our products and services to satisfy their requirements. We also need to develop expertise and insights to serve customers across application scenarios and adapt our solutions accordingly to ensure the degree of our market acceptance. We cannot assure you that we can always provide products and services that meet our customers' anticipations. As a result, we may not be able to retain and expand our customer base, and our business, results of operations and financial condition may be materially and adversely affected.

If we fail to enhance or upgrade our existing products and services and introduce new offerings that are broadly accepted by the market, or to adapt our business portfolio in response to market demands, our business, results of operations and financial condition could be materially and adversely affected.

To remain competitive and continuously expand our revenue streams, we need to continue to enhance and improve our existing products and services and introduce new offerings. The success of any enhancement or new products and services depends on a number of factors, including timely completion, adequate quality testing, consistently high actual performance, market-accepted pricing levels and overall market acceptance. Enhancements and new products and services that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties or may not achieve the broad market acceptance necessary to generate significant revenue. In addition, we may from time to time introduce new business models based on our observations of industry trends and market demands. For example, we have introduced the contract operation model where we obtain the exclusive right to manage and operate the parking facilities, and are rapidly increasing the number of parking facilities managed under such model. Furthermore, we may also invest in the acquisition of complementary businesses, technologies, services, products and other assets that we believe will benefit our innovation and overall business operations in the future. However, such investments may not result in enhancements or new offerings and business models that will be accepted by existing or prospective customers. If we are unable to enhance or upgrade our existing offerings to meet the evolving customer requirements or develop new offerings and business models in a timely and cost-effective manner, we may not be able to maintain or increase our revenue or recoup our investments, and our business, results of operations and financial condition would be materially and adversely affected.

Our pricing policy may subject us to various challenges that could make it difficult for us to derive sufficient value from our customers.

For our smart solutions, we generally charge our customers a fixed fee, which is determined upon the stand-alone selling prices of smart parking systems included and customization requests raised by our customers. For our smart services and smart operations, we generally either charge our customers a fixed service fee or adopt a revenue-sharing model. See "Business" for details. Certain pricing model requires us to undertake significant projections and planning on our costs. If our projections and planning differ significantly from those actually incurred, or if we cannot control our costs for providing in providing our products and services, our business and results of operations could be harmed.

Furthermore, we may fail to optimize our pricing, which is predominantly determined by the competitive landscape and market conditions. In the past, we have sometimes reduced our prices either for individual customers in connection with long-term agreements or for a particular solution or project, and have also sometimes failed to increase our pricing levels timely to cover increased costs and expenses or to reach desirable profit margins. As competitors introduce new products or services that compete with ours or reduce their prices, we may be unable to attract new customers or retain existing customers based on our historical pricing. In case we fail to increase our pricing levels, or even be required or choose to reduce our prices or change our pricing model, our business, results of operations and financial condition could be materially and adversely affected.

If we fail to provide high-quality customer support, our brand image, business, results of operations and financial condition may be harmed.

Our customers rely on our customer support team to help them deploy or configure our offerings, and to provide ongoing maintenance and operational support. We may receive complaints from our customers on our products and services. If we do not handle customer complaints effectively, our brand and reputation may suffer, our customers may lose confidence in us and reduce or cease their engagement of our products and services. We may fail to maintain the standards of our customer service, retain a sufficient number of customer support personnel and provide adequate training to them. Moreover, our customer service may fail to timely and effectively resolve the problems associated with our offerings. Furthermore, in order to grow our operations and expand our customer base, we need to continuously provide effective maintenance and technical support that meets our customers' needs at scale. Any failure to maintain high-quality operational and technical support services or a market perception that we do not maintain such for our customers would harm our business.

As a great portion of our customers engage our products and services in their routine operations of parking facilities, our failure to resolve problems of our offerings may result in significant disruptions to their businesses, particularly fee collection. As a result, our brand image and ability to retain and bring in customers may be negatively affected. In addition, vehicle owners and drivers that use the parking facilities may post and discuss on social media and other channels about our offerings, and complaints or other forms of negative publicity on those channels may arise from our failure to provide high-quality services. As a result, our brand image, business, results of operations and financial condition may be harmed.

Failure to enhance our brand recognition and sales and marketing capabilities could harm our ability to increase our customer base and adversely affect our business, results of operations and prospects.

We believe that maintaining and enhancing our brand is important to continued market acceptance of our existing and future offerings, attracting new customers and retaining existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand recognition will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products and services that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers' trust, our ability to continue to develop better functionalities and services, and our ability to successfully differentiate our products and services from competitors. However, our efforts may not always be successful or yield increased revenue.

Moreover, the promotion of our brand also requires us to increase related expenses, and we expect that these expenses will increase as the market becomes more competitive. Our selling expenses were RMB139.0 million, RMB154.1 million and RMB159.5 million in 2022, 2023 and 2024, respectively, representing 21.4%, 20.9% and 20.0% of our revenue for the same periods, respectively. To the extent that our sales and marketing activities increase revenue, the increase in revenue still may not necessarily be sufficient to offset the expenses we incur. We may also be unable to hire and train sufficient numbers of qualified sales personnel or ensure the productivity of our sales personnel in acquiring new customers or cross-selling to our existing customers. If we do not successfully maintain and enhance our brand and ensure the effectiveness of our sales and marketing efforts, our ability to expand our customer base may be impaired, which would then adversely affect our business, results of operations and financial condition.

Our R&D efforts may lead to increased expenses, which may negatively impact our profitability in the short term and may not produce the results we expect.

Our technological capabilities are critical to our success. We have been investing in our R&D efforts, which we believe to be helpful to our long-term sustainable growth. Our research and development expenses were RMB44.4 million, RMB42.6 million, and RMB45.0 million in 2022, 2023 and 2024, respectively, representing 6.8%, 5.8% and 5.6% of our revenue for the same periods, respectively. The industries in which we operate are subject to continuous technological changes and are evolving rapidly in terms of technological innovation. We need to invest significant resources, including financial, human and managerial resources, in technological advancements to ensure that our offerings will remain innovative and competitive in the market. As a result, our research and development expenses may increase in absolute amount.

However, our R&D activities may not always yield the desired results. We may experience difficulties that could delay or impede our R&D progress and incur significant time and financial resources. Even if our R&D efforts successfully lead to new or upgraded products or services or technology improvements, they may require lengthy period of time for testing before commercialization, and the final products or services we offer to the market may not be well-received by our customers or generate sufficient revenue to cover the expenses incurred. We may also encounter practical difficulties in promoting our R&D results for market adoption. Moreover, the evolving technologies could render the technologies, products or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our ability to recover related R&D expenditures. As a result, our business, results of operations, financial condition and prospects may be materially and adversely affected.

We involve third parties in our operations for certain supplies and procurement required for our products and services. Such arrangements may reduce our control over supply sufficiency, quality and timeliness and could harm our business.

We involve third parties in our operations for certain supplies and procurement required for our products and services. We procure an array of hardware components and other raw materials included in our offerings from third-party suppliers. We also outsource the production of certain products to third-party manufacturers. These arrangements may reduce our direct control over the supply sufficiency, quality and timeliness, and in turn, affect the quality, development and deployment of our products and services. We may experience operational difficulties with our third-party suppliers, including reduction in product availability and capacity, price fluctuations, failures to comply with our specifications, insufficient quality control, and failures to meet our schedules. Our third-party suppliers may experience disruptions in their operations due to equipment and system breakdowns, pandemics, labor disputes or shortages, natural disasters, material shortages, rising costs, non-compliance issues or other problems. In addition, we may not be able to renew contracts with our third-party suppliers or identify substitute partners. See also "— We may not be able to fully maintain quality control over our smart parking products." Any failure of our third-party suppliers to perform their responsibilities or to comply with all applicable laws and regulations may have a material adverse effect on our ability to serve our customers. As a result, our business, reputation, results of operations and financial condition could be materially and adversely affected.

We may not be able to effectively manage our inventory levels.

Our inventories primarily include raw materials such as hardware components used in our smart solutions, finished goods, work in progress, and goods in transit, representing the smart parking hardware products that had been partially shipped and not yet been recognized as revenue. We manage the raw materials' inventory level by monitoring the status of our ongoing projects and incoming new projects, and place orders with suppliers for any inventory that is expected to decline below targeted levels. We procure raw materials and equipment in accordance with our production plan or to replace obsolete equipment on an as-needed basis. Adequate inventory level, however, is subject to numerous uncertainties, including current project progress, our level of success in securing new projects and other factors beyond our control. We recorded inventories of RMB54.9 million, RMB62.9 million and RMB66.6 million as of December 31, 2022, 2023 and 2024, respectively. In 2022, 2023 and 2024, our inventories turnover days were 55, 54 and 55 days, respectively. See "Financial Information — Discussion of Major Balance Sheet Items — Inventories."

If we fail to manage our inventory levels effectively, we may be subject to a heightened risk of inventory obsolescence, a decline in the value of inventories, and potential inventory write-downs or write-offs. Procuring additional inventories may also require us to commit substantial working capital, preventing us from using such capital for other purposes. On the other hand, if our forecasted demand is lower than actual level, we may not be able to maintain an adequate inventory level of our raw materials and products or manufacture our products in a timely manner, and may lose sales and market share to our competitors. In addition, our goods in transition can be damaged or lost during transportation and be subject to delays in customer acceptance, which expose us to additional risks. Any of the foregoing may materially and adversely affect our results of operations and financial condition.

Furthermore, as we will not be able to recoup our cash paid for raw materials during the production process until the finished products are sold to customers and the purchase price is settled, our business is subject to significant working capital requirements given the relatively high inventory level and inventory turnover days. If our inventory level increases substantially in the future, our financial condition and cash flows could be materially and adversely affected.

We may not be able to fully maintain quality control over our smart parking products.

The quality of our products depends on the effectiveness of our quality control and assurance, which in turn depends on factors such as the quality and reliability of parts and components used, including those manufactured by ourselves and our manufacturing partners, the proficiency of our production staff and our ability to ensure that our production staff adhere to our quality control protocols. While we have adopted quality control and assurance procedures relating to procurement, production and other aspects of our operations, we cannot assure you that these procedures will be effective in consistently preventing and resolving deviations from our quality standards. Any significant failure or deterioration of our protocols could render our products unable to perform its regular functions, cause safety concerns that may result in physical injuries to individuals, or harm our market reputation and relationship with business partners.

In addition, the quality of parts, components and/or products manufactured by our suppliers that we incorporate into our products is beyond our control. We cannot assure you that the parts, components and/or products we procure from them are safe and free of defects or can meet the relevant quality standards. We depend on the quality control procedures of our suppliers. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from them. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcomes. Any of the foregoing incidents may materially and adversely affect our business, results of operations and financial condition.

If we fail to implement our expansion plan as planned, our business and prospects could be materially and adversely affected.

We are in the process of constructing our new production facility in Xiamen, Fujian province, which also comprises warehousing and logistics functions, with a total gross floor area of approximately 46,740 square meters. The new production facility, once fully put into operations, will be used primarily for our parking products. See "Business — Production — Expansion Plan" for details.

However, we cannot assure you that our expansion plan will be successfully implemented without delay or at all. Our ability to successfully implement our expansion plan is subject to a number of risks, including our ability to obtain the requisite permits, licenses and approvals for the construction and operations of the new facility, the risk of construction delays, and our ability to timely recruit sufficient qualified staff for our new facility. Any failure or delay in implementing any part of our expansion plan may result in insufficient production capacity to support our growth and market expansion, which in turn could materially and adversely affect our business, results of operations and financial condition. Moreover, our expansion plan requires significant capital investment, and the actual costs may exceed our original estimates, which could materially and adversely affect the realization of expected return on our investment. In addition, if we fail to fully utilize the additional production capacity due to any material and adverse changes to the market environment, technologies, relevant policies during the implementation of projects, or deviations in our estimates, our business, results of operations and financial condition could be materially and adversely affected.

We are exposed to credit risk in relation to our contract assets and trade and other receivables.

We are exposed to credit risk relating to our contract assets and trade and other receivables. Our contract assets primarily represented our rights to consideration arising from performance under smart solutions for which revenue had been recognized but not yet reached the milestones for billing. We also typically agree to a retention money for 3% to 10% of the contract value for our smart solutions business. When our right to consideration becomes unconditional, we reclassify the contract assets to trade receivables. We had contract assets of RMB63.4 million, RMB75.0 million and RMB87.0 million as of December 31, 2022 and 2023 and 2024, respectively. We cannot assure you that we will be able to receive the full amount of contract assets as our services may not be fully accepted by our customers. Our trade receivables represented amounts due from our customers. We had trade receivables (including current and non-current portions) of RMB312.5 million, RMB319.4 million and RMB303.6 million as of December 31, 2022 and 2023 and 2024, respectively, net of loss allowance. Our bill receivables was RMB16.8 million, RMB16.3 million and RMB11.5 million as of December 31, 2022 and 2023 and 2024, respectively, net of loss allowance. Our trade receivables turnover days were 183, 156 and 142 days in 2022, 2023 and 2024, respectively. See "Financial Information — Discussion of Major Balance Sheet Items — Contract Assets" and "Financial Information — Discussion of Major Balance Sheet Items — Trade and Other Receivables." We may not be able to collect our trade and other receivables in a timely manner, or at all, due to a variety of factors that are beyond our control, such as long payment cycles and the adverse financial situation of certain customers. We had impairment loss on trade receivables and contract assets of RMB19.1 million RMB12.4 million and RMB9.6 million in 2022, 2023 and 2024, respectively. We also recorded impairment loss on bill receivables and other receivables of RMB0.2 million and RMB3.0 million in 2023 and 2024, respectively.

We are exposed to the risks that our customers may delay or even be unable to pay us in accordance with the payment terms included in our agreements in a timely manner, or at all. If our customers fail to pay us under the terms of our agreements, we may be adversely affected by both the inability to collect amounts due and the costs of enforcing the terms of our contracts, including through litigation. Adverse changes in the trends of the industries in which our customers operate can significantly impact their business operations and, consequently, their ability to pay us. As a result, our customers may seek to negotiate longer payment terms, use factoring or other financial services, or leverage other properties or assets in paying us, which may expose us to increased credit risk. Furthermore, some of our customers may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or delay such payments, either of which could adversely affect our business, results of operations and financial condition. Although we closely monitor our outstanding contract assets and trade and other receivables, we cannot assure you that we will be able to fully recover the outstanding amounts in a timely manner, or at all. In addition, as our business continues to scale up, our contract assets and trade and other receivables may continue to grow, which may increase our credit risk. Any substantial delay in or default of payments from our customers could materially and adversely affect our cash flows. Moreover, we may have to terminate our relationship with customers if we cannot timely obtain payment from them, which could have a negative impact on our customer base. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

Furthermore, we are exposed to concentration of credit risk. As of December 31, 2022, 2023 and 2024, 3.1%, 3.7% and 1.0% of the total contract assets and current trade receivables were due from our largest customer, respectively, and 8.3%, 12.9% and 11.8% of the total contract assets and current trade receivables were due from our five largest customers, respectively. If any of these customers fail to pay us on time or default, our business and results of operations may be materially and adversely affected.

Failure to satisfy our obligations related to our bank loans may materially and adversely affect our business, results of operations and financial condition.

We have used, and may continue to use, bank loans to finance our working capital requirements and capital expenditures. As of December 31, 2022, 2023 and 2024, we had bank loans of RMB69.1 million, RMB10.0 million and RMB29.5 million, respectively, with interest rates ranging from 3.65% to 4.95%, 3.55% to 4.00%, and 3.50% to 3.65% per annum. As of February 28, 2025, we had unutilized credit facilities of RMB261.0 million. We may also from time to time in the future look for other debt financing opportunities to refinance our existing loans or support our business expansion. For example, we may leverage bank loans to support the rapid growth of our contract operation model, which requires a relatively large amount of prepayments.

As of December 31, 2022, 2023 and 2024, RMB64.0 million, nil and RMB22.0 million of our bank loans were guaranteed by our Controlling Shareholders, respectively. As of February 28, 2025, being the latest practicable date for liquidity disclosure in this document, the outstanding amount of such guaranteed loans (including principals and accrued interests) was RMB26.5 million. Such guarantees will be released upon the **[REDACTED]** as confirmed by the relevant banks. See "Relationship with Our Controlling Shareholders — Independence from Our Controlling Shareholders — Financial Independence." As of December 31, 2022, 2023 and 2024, property, plant and equipment of RMB71.1 million, RMB68.2 million and RMB65.3 million, respectively, including owned properties used as our production facility in Xiamen, Fujian province, and investment property of RMB7.5 million, RMB7.0 million and RMB6.6 million, respectively, were pledged to secure certain of our bank facilities. See Note 24 to the Accountant's Report in Appendix I to this document. We may also grant security interests over our assets in the future. Any failure to satisfy our obligations under these borrowings could lead to foreclosure of the assets that secure these borrowings, if any, disruption to business operations, or otherwise damage our reputation in the industry and our relationship with customers, all of which could materially and adversely affect our business, results of operations and financial condition.

We are subject to certain restrictive covenants under the terms of our bank loans, which are commonly found in loan arrangements with financial institutions in China, and may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the **[REDACTED]** and pledged assets related to the bank loans, and our ability to engage in change-in-control transactions, and reduce our working capital. Furthermore, some of our bank loans are subject to the fulfillment of covenants relating to certain of our financial ratios, as are commonly found in loan arrangements with financial institutions. If we were to breach the covenants, as agreed by the borrowing banks, they would perform a comprehensive risk assessment on us before accelerating our borrowings. However, we cannot assure you that we would be able to pass such risk assessment or otherwise obtain a waiver in a timely manner, on acceptable terms or at all. As a result, we would be in default of such loans, and the relevant counterparty could elect to declare the borrowings, together with accrued and unpaid interest and other fees, immediately due and payable and proceed against security interests under such borrowings, if any. If the borrowings were to be accelerated, our business and liquidity could nevertheless be subject to adverse effects. In addition, such waiver, even if granted, may lead to increased costs, increased interest rates, additional restrictive covenants and other protections available to the counterparties under these borrowings, including the granting of additional security interests, which could adversely affect our business, results of operations, financial condition, and our ability to acquire additional capital resources.

If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributors effectively, our sales may decline.

We engage distributors to increase sales and market share by leveraging their channel resources and, as a result, reduce our marketing cost. The performance of our distributors, and the ability of our distributors to on-sell our products may directly affect our sales and profitability. Any reduction, delay or cancellation of purchases from our distributors, or our failure to renew agreements with existing distributors, or maintain good relationships with them, may cause fluctuations or declines in our revenue or the sustainability of our growth and have an adverse effect on our business, results of operations and financial condition.

We have limited control over the operations and actions of our distributors. We rely on the distribution agreements and the policies and measures we have in place to manage our distributors, including their compliance with laws, rules, regulations and our policies. We cannot guarantee that we will be able to effectively manage our distributors, or that our distributors would not breach our agreements and policies. Our distributors could take actions that could have a material adverse effect on our business, prospects and reputation, including, but not limited, failing to meet the sales targets for our products in accordance with relevant agreements, selling products that compete with our products, selling our products outside their designated territories, and failing to provide proper training and after-sales services to our end-customers. Any violation or alleged violation by our distributors of the distribution agreements, our policies or any applicable laws and regulations could result in the erosion of our goodwill, a decrease in the market value of our brand and an unfavorable public perception about the quality of our products, resulting in a material adverse effect on our business, results of operations, financial condition and prospects.

Our success depends heavily on the continuing efforts of our senior management and other key personnel. If we are unable to retain, attract and train such personnel, our business may be materially and adversely affected.

We rely on the expertise, experience and vision of our senior management. Any loss of service of our senior management can significantly delay or prevent us from achieving our strategic business objectives and adversely affect our business and prospects. Our future success also depends on our ability to retain existing key personnel, including the members of our R&D team, and attract and train a large pool of other qualified employees.

Competition for qualified personnel in our industry is intense, and the availability of suitable and qualified candidates is limited. In order to compete for talents, we may need to offer higher compensation, better training and more attractive career opportunities and other employee benefits, which may be costly and burdensome. If we lose the services of any senior management or other key personnel, we may not be able to identify suitable or qualified replacements, and may incur additional expenses to recruit and train new personnel, which could severely disrupt our business and prospects and prolong our business development plans. Furthermore, if any of our executive officers or key employees joins a competitor or forms a competing business, we may lose crucial business secrets, know-hows, customers and other valuable resources, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Negative publicity involving us, our solutions, our management, business partners or other stakeholders, or the industries we operate in may materially and adversely affect our reputation and business.

We may, from time to time, receive negative publicity about us, our Controlling Shareholders, Directors, senior management, affiliates, employees and business partners and the smart parking offerings we provide. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. Any such negative perception and publicity, with or without merit, could tarnish our reputation, reduce the value of our brand and have a negative impact on our ability to attract and retain customers. In addition, if other companies operating in China's smart parking space operation and similar industries receive a high degree of negative media coverage or citation concerning their products, services, customers and business practices, the perception of our reputation as a trustworthy solution provider may also be harmed.

However, we cannot preclude negative media coverage of similar nature from being made, nor can we assure you that we will be able to defuse such negative coverage to the satisfaction of our investors, customers and business partners or prevent related misconceptions and other damages caused by such negative coverage. Preventing and mitigating the impact of such negative media coverage could also incur significant resources and management attention. As a result, our brand may suffer, and our reputation may be materially and adversely affected, which in turn may cause us to lose market share, customers and business partners.

Our business operations could be harmed by real or perceived material defects or errors in our offerings, as well as flaws or inappropriate usage of relevant technologies.

The technology underlying our smart parking offerings is inherently complex and may contain material defects or errors, particularly when new versions are first introduced, when new features or capabilities are released, or when it is integrated with new or updated third-party hardware or software. We cannot assure you that our existing offerings will not contain defects or errors. Any real or perceived defects, errors, failures, vulnerabilities or bugs could result in negative publicity or lead to system downtime, data loss or other performance issues, which could affect the business operations of our customers and harm our business, reputation and customer relationship. Correcting such defects or errors may be costly and time-consuming, and we cannot assure you that we will be able to detect, identify and rectify such problems in a timely manner or at all. We may also be involved in disputes and subject to legal liabilities in relation to real or perceived defects or errors. As a result, our business, results of operations and financial condition may be materially and adversely affected.

In addition, certain technologies that we apply in our offerings are in the early stages of development and continue to evolve. Flaws or deficiencies in those technologies could undermine the accuracy and thoroughness of the analysis and decisions made by our solutions. We cannot assure you that we will be able to detect and remedy such flaws or deficiencies in a timely manner, or at all. For example, similar to many innovations, AI technologies also present a number of operational, compliance and reputational risks, such as potential misuse by third parties for inappropriate purposes or biased applications which breach public confidence or violate applicable laws and regulations, or litigation or other proceedings initiated by certain individuals claiming for infringement of legitimate rights such as privacy or personality rights. Specifically, data sets from which large language models ("LLMs") learn are at risk of poisoning or manipulation by bad actors, resulting in offensive or undesired outputs. The data set could also contain copyrighted content resulting in infringing outputs. AI outputs might present ethical concerns or violate current and future laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material litigation or other proceedings arising from or in relation to any misuse of our offerings. However, we cannot assure you that the measures we take to prevent the misuse of our technologies and data protection will always be effective, or that our technologies will not be misused or applied in a way that is inconsistent with our intention or public expectation. Any inappropriate, abusive or premature usage of relevant technologies, whether actual or perceived, whether intended or inadvertent, and whether by third parties or by us, may dissuade prospective customers from adopting our solutions, impair the general acceptance of smart parking offerings in general, bring on negative publicity, or even violate applicable laws and regulations and subject us to legal or administrative proceedings. Each of the foregoing events may, in turn, materially and adversely affect our reputation, business, results of operations, financial condition and prospects.

Our business processes a large amount of business and operation data, and the collection, use or disclosure of such data could be perceived as improper and could therefore harm our reputation and have an adverse effect on our business and prospects.

Our business processes massive volumes of business and operation data of our customers and parking facility users, such as license plate numbers, parking durations and locations and user payment information. This makes us an attractive target of, and potentially vulnerable to, cyberattacks, computer viruses, physical or electronic break-ins or similar disruptions. We face certain challenges and risks inherent to handling and protecting a large volume of data, including confidential, sensitive data and information, including but not limited to:

- protecting the data in and hosted on our system, including against attacks on our system by outside parties, data leakage or fraudulent behaviors or improper use by our employees or our customers and other business partners;

- addressing concerns, challenges, negative publicity and litigation related to data security and privacy, collection, use and actual or perceived disclosure (including disclosure among our own businesses, with our customers and other business partners or competent regulatory authorities); and

- complying with applicable laws and regulations relating to the collection, hosting, use, storage, transfer, disclosure and security of data, as well requests from data subjects.

The collection, use or disclosure of business and operation data, if perceived as improper, could result in a loss of customers and other business partners, loss of confidence or trust in our solutions, litigation, regulatory investigations, penalties or actions against us, and significant damage to our reputation, any of which could in turn have a material adverse impact on our business, results of operations, financial condition and prospects. Our recovery systems, security protocols, network protection mechanisms or other defense procedures deployed to safeguard our data security may not function as we expect or could be breached. Because the technologies and mechanisms used to sabotage or obtain unauthorized access to systems change frequently and generally are not recognizable until they are launched against a target, we may be unable to anticipate for, or to implement adequate preventative measures against, such technologies and mechanisms.

Any accidental or willful security breaches or other unauthorized access could cause confidential data to be stolen and used for improper or criminal purposes. Moreover, if we fail to implement adequate encryption of data transmitted through the networks of the telecommunications and internet operators we rely upon, there is a risk that telecommunications and internet operators or their business partners may misappropriate the data. Security breaches or unauthorized access to confidential data could also expose us to liabilities related to data loss, time-consuming and expensive litigation and other regulatory and legal proceedings, as well as negative publicity. If security measures are breached because of third-party actions, employee errors, malfeasances or other similar factors, or if design flaws in our technology infrastructure are exposed and exploited, our relationships with our customers and other business partners could be severely damaged and we could incur significant liabilities or subject to legal or regulatory actions that may materially and adversely affect our business, results of operations, financial condition and prospects. In addition, concerns about our practices with regard to security of confidential data or other privacy-related matters, such as cybersecurity breaches, misuse of personal data and data sharing without necessary safeguards, even if unfounded, could damage our reputation and operating results. If any of the foregoing risks materializes, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Actual or alleged failure to comply with the relevant laws and regulations regarding data security and personal information protection could damage our reputation, deter current and potential customers and subject us to legal, financial and operational consequences.

In recent years, government authorities across the world have been increasingly focusing on data security and personal information protection. We may be subject to laws and regulations regarding data security and personal information protection in China. In addition, as we gradually enter into overseas markets, our customers may leverage our offerings outside China and we are thus required to comply with laws and regulations regarding data security and personal information protection in such jurisdictions. We have adopted various measures to ensure our compliance. See "Business — Data Privacy and Security" for details. However, the laws and regulations regarding data security and personal information protection in China, as well as in other jurisdictions, are generally evolving, and the interpretation and application may change accordingly to the interpretation and application thereof. As such, we cannot assure you that our data security and personal information protection measures are, and will be, always considered sufficient under applicable laws and regulations. Additionally, the effectiveness of our data security and personal information protection measures is also subject to system failures, disruptions, security breaches or cyberattacks. If we are unable to comply with the then-applicable laws and regulations or to address any data security and personal information protection concerns, such actual or alleged failure could damage our reputation, deter current and potential customers and subject us to significant legal, financial and operational consequences.

As to the regulatory framework for cybersecurity and data protection in China, please see "Regulatory Overview — Regulations on Internet Information Security and Privacy Protection — Regulations relating to Internet Information Security."

According to the Cybersecurity Review Measures (網絡安全審查辦法), enterprises shall apply for cybersecurity review under the following circumstances: (1) critical information infrastructure operator (the "CIIO") purchasing network products and services and internet platform operators carrying out data processing activities in a manner which affects or may affect national security; and (2) internet platform operators holding personal information of more than one million users and seeking a foreign **[REDACTED]**. The competent PRC government authority may initiate cybersecurity review if the authority believes that any network product, service or data processing activity affects or is likely to affect national security. As of the Latest Practicable Date, we had not been notified by any authority of being classified as a CIIO, nor had we been involved in any investigation on cybersecurity review made by the CAC, and we have not received any inquiry, notice, warning, or sanctions in this respect. AllBright Law Office, our legal advisors as to PRC cybersecurity and data privacy protection laws, have advised us that a **[REDACTED]** in Hong Kong does not fall within the definition of "foreign **[REDACTED]**" under the Cybersecurity Review Measures. Therefore, our legal advisors as to PRC cybersecurity and data privacy protection laws are of the view that we are not required to file an application for cybersecurity review in connection with the **[REDACTED]** under the Cybersecurity Review Measures. However, we cannot assure you that we will not be required to follow the cybersecurity review procedures, and if required so, whether we would be able to complete the applicable cybersecurity review procedures in a timely manner.

The Security Assessment Measures for Outbound Data Transfers (數據出境安全評估辦法) (the "Security Assessment Measures") require that any data processor that processes or exports personal information exceeding certain volume threshold under such measures shall apply for security assessment by the CAC before transferring any personal information outbound. The security assessment requirement also applies to any transfer of important data outside of China. As of the Latest Practicable Date, we had not initiated any personal information or important data cross-border transfer activities during our daily operations. However, we cannot assure you that relevant regulatory authorities will take the same view as ours. In the event if the regulatory authorities deem certain of our activities as a cross-border data transfer that requires us to initiate security assessment, we will be subject to the relevant requirements.

As of the Latest Practicable Date, we had not been subject to any inquiry, investigation, notice, inspection, action or penalty from the PRC authorities or any other relevant regulatory authorities in relation to our compliance with laws and regulations on data security and personal information protection. However, given the evolving regulatory environment in these areas, the legal and regulatory developments could affect the way we design and deliver our offerings, our business operations, and how we and our business partners deal with data protection. We may incur substantial costs to comply with these laws and regulations, to address the needs of our customers relating to their own compliance with applicable laws and regulations, and to establish and maintain internal compliance policies. If we fail to effectively and timely comply with these laws and regulations and respond to relevant changes, our business operations, results of operations, financial condition and prospects will be adversely affected.

Our technology infrastructure may experience unexpected system failures, disruptions, security breaches or cyberattacks, which could materially and adversely affect our reputation, business, results of operations and financial condition.

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload, and by damages from fires, floods, earthquakes and other natural disasters, telecommunication failures, power loss, human error or other accidents. Our infrastructure and systems may be breached if any vulnerabilities therein are exploited by unauthorized third parties. We cannot assure you that any applicable recovery system, security protocol, network protection mechanism or other defense procedures are, or will be, adequate to prevent such network or service interruptions, system failures or data losses. An actual or perceived attack or security breach may damage our reputation and brand, expose us to risks of potential litigation and liabilities, and require us to expend significant capital and other resources to alleviate problems caused by such attacks or security breaches.

Despite any precautionary measures we may take, there is no assurance that such measures would be effective and the occurrence of unanticipated problems that affect our technology infrastructure could disrupt the availability of our solutions, which, in turn, could affect the ability of customers to use our solutions and harm their experience. As a result, our reputation, business, results of operations and financial condition could be adversely affected.

Our business may be subject to seasonal effects, and any disruption of business during any particular season could adversely affect our liquidity and results of operations.

We have experienced, and expect to continue to experience in the future, seasonality in our business, results of operations and financial condition. We believe that our quarterly sales are affected by industry buying patterns. Our customers tend to contract with and purchase from us in the second half of each year, while the Chinese New Year holiday often marks a low season for our operations. Similarly, customers in our industry typically tend to formulate their annual budget and procurement plans in the first half of each year in accordance with their budget cycles, and the project execution is typically performed and completed in the second half of each year, leading to higher revenue generated during such period. Our revenue may also fluctuate due to other factors such as the general economic environment in China. The seasonality changes may cause fluctuations in our financial results and any occurrence that disrupts our business during any particular season could have a disproportionately material adverse effect on our liquidity and results of operations.

Misconduct, non-compliance and omissions by our employees or third parties could harm our business and reputation.

Misconduct and omissions by our employees could subject us to liability or negative publicity. For example, our employees or other business partners may engage in fraudulent, corrupt or other unfair business practices, which may subject us to investigations and proceedings by governmental authorities for alleged infringements of anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. These proceedings may result in penalties, fines, sanctions or other liabilities and could have a material adverse effect on our reputation, business, results of operations and financial condition. Although we have implemented internal rules and guidelines to govern our commercial practices, work ethics, fraud prevention mechanisms and regulatory compliance, we cannot assure you that our employees will not engage in misconduct or omissions that could materially and adversely affect our business, results of operations and financial condition.

In addition, misconduct and omissions by our business partners, including our various customers and suppliers, as well as other third parties who have entered business relationships with us, could subject us to liability or negative publicity. These third parties may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, affect our business. We cannot be certain whether such third party has infringed or will infringe any other parties' legal rights or violate any regulatory requirements. For example, there may be instances where third-party parking facilities do not have the authority to enter into agreements with us, particularly under our contract operation model. As a result, the relevant agreements may be deemed invalid, or we may face challenges from the property owners or other third parties regarding our right to occupy and operate these parking facilities. This situation may force us to cease related operations or expose us to claims for income generated from our operations of the affected parking facilities. Any of these could materially and adversely impact our business and results of operations. We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We may fail to identify irregularities or non-compliances in the business practices of our business partners or other third parties, or may fail to correct such irregularities or non-compliance in a prompt and proper manner. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation, which may, in turn, affect our results of operations.

If we are unable to ensure compatibility of our products and services with a variety of hardware and software applications developed by third parties, including those of our customers and business partners, we may become less competitive, and our results of operations may be harmed.

Our products and services may be integrated with a variety of hardware and software applications developed by third parties, including those utilized or developed by our customers and business partners. We need to modify, tailor and enhance our offerings to adapt to the needs and specifications of our customers and other business partners, as well as the changes in hardware and software technologies in general in a timely and cost-effective manner. Compatibility with the hardware and software applications utilized or developed by those parties is critical to the performance and quality of our offerings, which in turn affect customer experience and our reputation. Failure to ensure such compatibility may negatively affect our competitive advantages, and our business, results of operations and financial condition would be adversely affected.

Our use of open-source technology could impose limitations on our business operations.

We use open-source software in relation to certain products and services and may continue to use open-source software in the future. Third parties may allege ownership of, or seek to enforce the terms of, an open-source license, including by demanding the release of the open-source software, derivative works, or our proprietary source code that is developed using such software, which may subject us to disputes and legal proceedings. The terms of many open-source licenses have not been interpreted by courts. There remain risks that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to commercialize our offerings. In such event, we may be required to seek licenses from third parties for the purpose of commercially offering our solutions and services, make our proprietary code generally available in source code form, or re-engineer or discontinue our sales if re-engineering could not be accomplished on a timely basis, any of which could adversely affect our business and revenue. In addition, open-source software is subject to further development or modification by any third party. Others may develop such software to compete with us or render such software no longer useful. Our customers may also develop their own solutions and services using open-source software, potentially reducing the demand for our smart parking offerings. If we are unable to successfully address these challenges, our business and results of operations may be adversely affected.

Our business operations depend upon the internet infrastructure and telecommunications network in China.

Our business operations depend on the performance, reliability and advancements of the internet infrastructure and telecommunications network in China. Almost all access to the internet is maintained through state-owned telecommunications operators under the administrative control and regulatory supervision of the MIIT. In addition, the national networks in China are connected to the internet through state-owned international gateways. We may not have access to alternative networks in the event of disruptions, failures or other problems with China's internet infrastructure or telecommunications network. In addition, the internet infrastructure in China may not support the demands associated with continued growth in internet usage. The failure of telecommunications operators to provide us with the requisite bandwidth could also interfere with the quality and availability of our offerings. Moreover, we, our customers and other business partners have no control over the costs of the services provided by the national telecommunications operators. If the prices for telecommunications and internet services rise significantly, the costs associated with adopting our offerings could increase significantly, which could in turn affect the demand for our solutions.

In addition, the use of the internet as a business tool in China could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality of services. The performance of the internet and its acceptance as a business tool has also been adversely affected by security attacks and threats. If the use of the internet in China is reduced as a result of these or other issues, then demand for our smart parking offerings could decline, which could adversely affect our business and results of operations.

Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly and ineffective.

We believe that our patents, copyrights, trademarks and other intellectual properties are essential to our success. We have devoted considerable time and resources to the development and improvement of our technologies and products and services.

We rely on a combination of contractual restrictions, confidentiality procedures, and intellectual property registration for the protection of the intellectual properties used in our business. Nevertheless, these provide only limited protection and the actions we take to protect our intellectual property rights may not be adequate. Infringement upon or the misappropriation of, our proprietary technologies could have a material adverse effect on our business, results of operations and financial condition. Our intellectual properties may be pirated or otherwise infringed by competitors or other third parties. Moreover, our trade secrets may become known or be independently discovered by our competitors. Measures taken by us to monitor and prevent unauthorized use of our proprietary intellectual properties can be costly yet ineffective. For example, R&D personnel who have resigned and joined our competitors may continue to use the know-how they obtained during their employment with us, which may negatively impact the attractiveness of our solutions to prospective customers. Although we have entered into employment agreements with confidentiality provisions with our employees, we cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach in a timely manner or at all, or that our proprietary technologies, know-how or other intellectual properties will not otherwise become known to third parties.

In addition, litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. Such litigation may be costly and divert management's attention away from our business. An adverse determination in any such litigation would impair our intellectual property rights and may harm our business, prospects and reputation. The legal regime relating to the recognition and enforcement of intellectual property rights is limited and subject to uncertainties. It may take some time for legal proceedings to enforce our intellectual properties, while infringement may continue largely unimpeded. Enforcement of judgments are sometimes subject to comprehensive factors, and it may not provide us with an effective remedy even if we are in favor of in litigation. Furthermore, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to intellectual property infringement claims by third parties, which could have a material adverse effect on our business, results of operations and financial condition.

We cannot assure you that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights or other intellectual property rights held by third parties. We may from time to time be subject to such proceedings and claims. We also cannot assure you that holders of patents purportedly relating to some aspects of our technology infrastructure or business, if any such holders exist, would not seek to enforce such patents against us in China or any other jurisdiction. For example, third parties may claim that our employees have misappropriated or divulged their former employers' proprietary rights or confidential information. Furthermore, the application and interpretation of China's patent laws and the procedures and standards for granting patents in China are still evolving and subject to change, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against such infringement or licensing allegations and claims is costly and time-consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief was issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, results of operations and financial condition could be materially and adversely affected.

In addition, we may be required to indemnify our customers and other third parties for losses suffered or incurred as a result of claims of intellectual property infringement or other liabilities relating to or arising from our software, services or other contractual obligations. Indemnity payments could harm our business, results of operations and financial condition. Although we normally contractually limit our liability with respect to such indemnity obligations, generally, those limitations may not be fully enforceable in all situations, and we may still incur substantial liability. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing and new customers and harm our business and results of operations.

Future acquisitions, strategic investments, partnerships or alliances could be difficult to identify and integrate, divert management resources, result in unanticipated costs or dilute our Shareholders.

We have in the past invested, and we may in the future acquire or invest in, businesses, services, products or technologies that we believe could complement or expand our services, enhance our technological capabilities or otherwise offer growth opportunities. For example, we will evaluate acquisition opportunities in companies with established sales channels and brand presence in the global market. See "Business — Growth Strategies." However, we may have limited experience in making such acquisitions and we may not be able to find suitable acquisition candidates or complete acquisitions on favorable terms, if at all. Even if we complete acquisitions, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisition we complete could be viewed negatively by customers or investors. We may also engage in other forms of business collaborations and relationships in the future, including strategic investments, partnerships and alliances. Negotiating such transactions can be time-consuming, difficult and costly, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals. We cannot assure you that these transactions will close or will lead to commercial benefit for us.

In addition, we may not be able to integrate acquired businesses or technologies successfully or effectively manage the combined company or our collaborations. If we fail to successfully integrate our acquisitions, or the people or technologies associated with those acquisitions, into our company, the results of operations of the combined company could be adversely affected. Any integration process will require significant time and resources, require significant attention from management, and disrupt the ordinary functioning of our business. We may ultimately fail to realize the potential cost savings or other financial benefits or the strategic benefits of the acquisitions. Furthermore, an acquisition could also materially impair our results of operations by causing us to incur debt or requiring us to amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity and regulatory compliance, as well as legal or contractual liabilities in businesses we acquire which we did not uncover prior to such acquisition. Therefore, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses or technologies could have a material adverse effect on our business, results of operations and financial condition.

In connection with the foregoing strategic transactions, we may issue additional equity securities that would dilute our Shareholders, use cash that we may need in the future to operate our business and incur substantial debts and liabilities. Such strategic transactions may also subject us to legal and regulatory scrutiny and increase our compliance costs. As a result, our business, results of operations, and financial condition may be adversely affected.

We may need additional capital, and we may be unable to obtain such capital in a timely manner or on acceptable terms, or at all.

We may require additional capital beyond those generated by the **[REDACTED]** from time to time to grow our business, better serve our customers, develop and enhance our offerings, and improve our operating infrastructure. Accordingly, we may need to sell additional equity or debt securities or obtain a credit facility. Future issuances of equity or equity-linked securities could significantly dilute our existing Shareholders, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our H Shares. The incurrence of debt financing would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our Shareholders.

Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our market position and competitiveness in the smart parking space operation industry;

- our future profitability, overall financial condition, and results of operations;

- the general market condition for capital raising activities by companies in our industry, which in turn depends on the prospect of such industry; and

- economic, political and other conditions in China and globally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. If we are unable to obtain adequate financing on terms satisfactory to us when we require it, our ability to continue to support our business growth could be significantly impaired, and our business and prospects could be adversely affected.

We may fail to obtain or maintain all required licenses, permits and approvals to operate our business.

Our business and operations have been subject to extensive regulations. We are required to obtain and maintain applicable licenses, permits and approvals from different regulatory authorities in order to conduct our existing or future business. As applicable laws and regulations governing our activities ongoing and in the future are subject to change, and interpretation and implementation may change accordingly, we cannot assure you that we have obtained all the approvals, permits or licenses required for conducting our business in China, or will be able to maintain our existing approvals, permits or licenses or obtain new ones. The government authorities may require us to obtain additional licenses, permits or approvals so that we can continue to operate our existing or future businesses or otherwise prohibit our operations of the types of businesses to which the new requirements apply. In addition, new regulations or new interpretations of existing regulations may increase our costs of doing business and expose us to potential penalties and fines. Lastly, our existing licenses may expire without proper renewal or be revoked due to violations of relevant licensure maintenance requirements. If any of our entities is deemed by governmental authorities to be operating without appropriate permits and licenses or outside of their authorized scopes of business or otherwise fail to comply with relevant laws and regulations, we may be subject to penalties and our business, results of operation and financial condition may be materially and adversely affected.

We are subject to various risks relating to third-party payments.

During the Track Record Period, certain of our customers settled their payments with us through third-party payors. In 2022, 2023 and 2024, payments received from third-party payors was RMB21.3 million, RMB30.8 million and RMB34.0 million, respectively, accounting for 3.3%, 4.2% and 4.3% of our total revenue for the same periods, respectively. We generally seek to enter into entrusted payment agreements with the third-party payors or tri-party payment agreements with the payors together with our customers for such transactions. We have also implemented various internal control measures to reduce the proportion of payments received from third-party payors and to reduce any potential risk exposure. We might, however, be subject to various risks relating to such payment arrangements, such as (1) possible claims from such payors for return of funds as they were not contractually indebted to us and possible claims from liquidators of third-party payors, and (2) potential money laundering risks as we, in certain occasions, may have limited knowledge about the source and purpose of the funds utilized by the third-party payors. In the event of any claims from third-party payors or their liquidators, or legal proceedings (whether civil or criminal) instituted or brought against us in respect of third-party payments, we will have to spend substantial financial and managerial resources to defend against such claims and legal proceedings, and we may be forced to comply with the court ruling and return the payments for the products that we sold or the services that we provided.

The discontinuation of any preferential tax treatment available to us could adversely affect our results of operations and financial condition.

Pursuant to the PRC Enterprise Income Tax Law and related regulations, enterprises which operate in China are generally subject to enterprise income tax at a statutory rate of 25% on the taxable profit, while enterprises recognized as a "high and new technology enterprise" (高新技術企業) (the "HNTE") are entitled to a preferential tax rate of 15%. Our Company and Keytop R&D Center were recognized as HNTEs and entitled to a preferential income tax rate of 15% during the Track Record Period. Continued qualification as an HNTE is subject to a three-year review by the relevant government authorities in China, and in practice certain local tax authorities also require annual evaluation of the qualification. In addition, some of our subsidiaries were also qualified as small-and-micro enterprises during the Track Record Period and subject to preferential tax treatments of a reduced enterprise income tax rate of 20% and a 75% deduction of their annual assessable profits. Qualified research and development expenses are allowed for bonus deduction for income tax purpose ("Super Deduction"). As a result, an additional 100%, 100% and 100% of the qualified research and development expenses could be deemed as deductible expenses for the years ended December 31, 2022, 2023 and 2024. We have made our best estimate for the Super Deduction to be claimed in ascertaining assessable profits.

In the event the preferential tax treatments are discontinued or not verified by the local tax authorities, and the affected entity fails to obtain preferential tax treatments based on other qualifications, it will become subject to the standard PRC enterprise income tax rate of 25%. There is no assurance that we will continue to be qualified to enjoy the above-mentioned preferential tax treatments, or such treatments will not change in the future, which may have a negative impact on our business, results of operations and financial condition.

We historically received government grants and we may not receive such grants or subsidies in the future.

We have received government grants primarily to support our business development and to award our contributions to local economies. We recognized government grants of RMB20.7 million, RMB18.3 million, and RMB13.4 million in 2022, 2023 and 2024, respectively. However, these policies may be subject to changes that are beyond our control. We cannot assure you that favorable government policies will continue. In addition, the timing, amount and conditions of government grants are within the sole discretion of the governmental authorities. Governmental authorities may require us to perform certain contractual obligations before we could receive such grants, and we cannot assure you that we could always fully satisfy these conditions or perform the obligations. In such cases, the governmental authorities may cease providing subsidies to us or even require us to repay part or all of the government subsidies we previously received. Any reduction, elimination, repayment or other negative trends in government grants could adversely affect our business, results of operations and financial condition.

We face certain legal and regulatory risks relating to labor-related laws and regulations, which may adversely affect our business and our results of operations.

Pursuant to the relevant PRC laws and regulations, employers are obligated to contribute to the social insurance and housing provident funds for their employees. During the Track Record Period, we did not make adequate social insurances and housing provident fund contributions for certain employees. In addition, we engaged third-party human resource agencies to make social insurance and housing provident fund contributions for certain employees during the Track Record Period. As advised by our PRC Legal Advisors, if any of the relevant social insurance authorities is of the view that the social insurance contributions we made for our employees do not comply with the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed time period plus a late fee of 0.05% of the total outstanding balance per day. If we fail to do so within the prescribed period as requested by the relevant social insurance authorities, we may be subject to a fine ranging between one to three times of the total outstanding balance. Meanwhile, if any of the relevant housing provident fund authorities is of the view that our contributions to the housing provident funds do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. If we fail to do so within the prescribed period, the relevant housing provident fund authority may apply to a PRC court for an order of mandatory payment.

As of the Latest Practicable Date, no material administrative action, fine or penalty had been imposed by relevant regulatory authorities with respect to our social insurance or housing provident fund contributions. In addition, we did not receive any notice from judicial or administrative authorities on any material claim from our current and former employees regarding any inadequate contributions. As advised by our PRC Legal Advisors, in the absence of any material employee claims and significant changes in regulatory requirements regarding social insurance and housing provident fund contributions, the likelihood that we would be required by relevant authorities to pay the shortfall and late fees for social insurance and housing provident fund contributions and/or be subject to material administrative penalties due to failure to make full contributions is remote, based on the foregoing and (1) interviews with and/or written confirmations obtained from certain competent governmental authorities, and (2) the Circular of the General Office of the State Administration of Taxation on Stable and Orderly Collection and Administration of Social Insurance Premiums (Taxation General Administration [2018] No. 142)) (國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知(稅總辦發[2018]142號), which prohibits self-organized review and collection of prior years' shortfalls, the Emergency Circular of the General Office of the Ministry of Human Resources and Social Security on Implementing the Spirit of the State Council's Executive Meeting to Effectively Stabilize the Collection of Social Security Fees (Letter of the Office of Human Resources and Social Security [2018] No. 246) (人力資源社會保障部辦公廳關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知(人社廳函[2018]246號)), which strictly prohibits human resources and social security authorities from requiring enterprises to make up historical inadequacy in social insurance and housing provident fund contributions in a lump sum, and the Circular of the General Office of the State Council on the Issuance of the Comprehensive Plan for Reducing Social Insurance Premium Rates (General Office [2019] No. 13) (國務院辦公廳關於印發降低社會保險費率綜合方案的通知) (國辦發[2019]13號)), which provides for similar prohibitions. However, we cannot assure you that we will not be required to pay the shortfall and late fees or impose fines on us, in which case our business, results of operations and financial condition could be adversely affected. In addition, if the third-party human resource agencies we engaged fail to fulfill their obligations to make social insurance and housing provident fund contributions for the relevant employees, or if such arrangements are challenged by relevant regulatory authorities, we may be subject to additional contribution obligations, late fees and/or penalties imposed by relevant regulatory authorities for failing to discharge our obligations as an employer or be ordered to rectify. We might also be subject to potential labor disputes arising from such arrangements with the relevant employees. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, pursuant to the Labor Contract Law and the relevant PRC laws and regulations, dispatched worker is only intended to be a supplementary form of employment, the number of which shall not exceed 10% of the employer's total workforce. We have partnered with third-party agencies from time to time to support the management and operations of parking facilities, which may be regarded as labor dispatch by the relevant labor administrative authorities. In such case, the number of our dispatched workers may have exceeded 10% of the total number of our total workforce, and we may be ordered by the relevant authorities to rectify within a specified period of time. We have formulated and implemented a plan to contain the number of dispatched workers and stay compliant. However, we cannot assure you that such plan would be effective in ensuring that the number of dispatched workers we use will not exceed 10% of the total number of our workforce as we continue to develop and expand our business. If the number of our dispatched workers exceeds 10% in the future, we could be ordered to rectify within a specified period of time, and could be subject to fines if we fail to do so, which could have an adverse effect on our business, results of operations and financial condition.

Failure to protect our leasehold interests could adversely affect our business operations.

As of the Latest Practicable Date, certain lessors of our leased properties primarily used as our office premises and production facilities failed to provide property ownership certificates or other relevant certificates regarding their legal rights to lease such properties. As a result, the relevant lease agreements may be deemed invalid, or we may face challenges from the property owners or other third parties regarding our right to occupy the premises. Furthermore, if the landlords fail to perform its obligations under the lease agreements between the landlords and us due to any reason, including but not limited to its own non-compliance with relevant laws and regulations, demolition or any other unforeseeable events, we may be unable to continue using such properties. As of the Latest Practicable Date, we were not aware of any challenge being made by a third party or government authority on the titles of any of these leased properties that might have a material adverse effect on our current leases. Although we do not expect to become subject to any fine or penalty if any of these leases are terminated as a result of challenges by third parties or government authorities for any of these title defects, we may be forced to relocate the affected office premises or production facilities and incur additional expenses accordingly. If we fail to find suitable replacement sites in a timely manner or on terms commercially acceptable to us, our business and results of operations could be adversely affected.

Pursuant to the applicable PRC laws and regulations, property lease agreements must be registered with the local branch of the Ministry of Housing and Urban-rural Development of the PRC (中華人民共和國住房和城鄉建設部). As of the Latest Practicable Date, certain lease agreements of our leased properties had not been registered with the PRC government authorities as required. While the lack of registration will not affect the validity of the lease agreements under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease.

Failure to comply with laws and regulations applicable to our business could subject us to fines and penalties and could also cause us to lose customers or otherwise harm our business.

Our business is subject to regulation by various governmental agencies in China, including agencies responsible for monitoring and enforcing compliance with various legal obligations, such as privacy and data protection related laws and regulations, intellectual property laws, employment and labor laws, governmental trade laws, import and export controls, anti-corruption and anti-bribery laws, and tax laws and regulations. For example, we had been subject to an administrative penalty of RMB450 for failing to timely file individual income tax withholding materials, which had been fully paid. In addition, laws and regulations of various regions in China generally require operators of business parking facilities to file and/or connect to relevant information management platforms. Failure to comply with these requirements may result in administrative fines and penalties if not rectified within a specified period. Despite our efforts, certain parking facilities operating under the contract operation model had not been registered or connected to the relevant information management platforms as of the Latest Practicable Date. As a result, we may be subject to fines and penalties or even have to suspend our operations of such parking facilities, any of which may materially and adversely affect our business, results of operations and financial condition. Electric vehicle charging stations are currently subject to mandatory inspection, and local governments may formulate relevant and specific methods. If relevant regulations are not followed, the competent authority has the right to order them to stop using the charging stations and impose a fine of no more than RMB1,000. As of the Latest Practicable Date, we had a number of charging stations that were still undergoing the relevant inspection process. We may be ordered to stop using them or be fined, any of which may materially and adversely affect our business, results of operations and financial condition. In certain jurisdictions, these regulatory requirements may be different or more stringent than in China. These laws and regulations may increase our compliance costs. Non-compliance with applicable regulations or requirements may subject us to negative consequences, including:

- investigations, enforcement actions, and sanctions;
- mandatory changes to our offerings;
- monetary damages and fines;
- civil and criminal penalties or injunctions;
- termination of contracts;
- loss of intellectual property rights; and

- failure to obtain, maintain or renew certain licenses, approvals and permits.

Responding to any action will likely result in a significant diversion of our management's attention and resources and incur significant costs. If we fail to comply with relevant laws and regulations, or if we fail to defend ourselves in relevant legal or administrative proceedings, our business, results of operations, and financial condition could be adversely affected.

Our internal control and risk management systems may not be adequate or effective.

We have implemented internal control and risk management systems for our business operations. While we seek to improve our internal control and risk management systems on a continuous basis, we cannot assure you that these systems are sufficiently effective in ensuring, among other things, accurate reporting of our financial results and the prevention of fraud. See "Business — Internal Control and Risk Management" for details. The proper function of our internal control and risk management systems depends on implementation by our employees. Although we provide relevant internal training on a regular basis in this regard, we cannot assure you that our employees are sufficiently or fully trained to implement these systems, or that their implementation will be free from any mistake. If we fail to timely update, implement and modify our internal control and risk management systems, or if we fail to deploy sufficient human resources to maintain our internal control and risk management policies and procedures, our business, results of operations and financial condition may be materially and adversely affected.

We have been involved, and may continue to be involved, in litigation, legal or contractual disputes, governmental investigations or administrative proceedings, which may divert our management's attention and adversely affect our business, results of operations and financial condition.

We have been, and may continue to be, subject to disputes and various legal and administrative proceedings in the ordinary course of our business. These may concern issues relating to, among others, labor disputes, licenses and permits relating to our daily business operations, and contract disputes. Any such claim or proceeding against us, with or without merit, may be expensive, time-consuming and disruptive to our operations and distracting to management. In addition, even if we ultimately succeed in such disputes or proceedings, negative publicity may arise therefrom and materially and adversely affect our reputation and business. If one or more legal or administrative matters were resolved against us, or certain injunctions are granted to prevent us from using certain technologies in our solutions and services, our business, results of operations and financial condition could be materially and adversely affected. Furthermore, unfavorable outcomes could result in significant compensatory or punitive monetary damages, disgorgement of revenue or profits, corporate remedial measures, injunctive relief or specific performance against us that could materially and adversely affect our results of operations and financial condition.

Our limited insurance coverage could expose us to significant costs and business disruption.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. In line with general market practice, we do not maintain any business interruption insurance or keyman life insurance, which are not mandatory under PRC laws. While we maintain insurance policies covering our production facilities, buildings and operational equipment used in our smart services business, we do not maintain insurance policies covering damages to our technological infrastructure such as servers, network and databases. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss, and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, results of operations and financial condition could be materially and adversely affected.

We could be adversely affected as a result of any sales we make to certain countries that are, or become subject to, sanctions administered by the United States, the European Union, the United Kingdom, the United Nations, Australia and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the European Union, the United Kingdom, the United Nations and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organizations within such countries.

During the Track Record Period, we sold our smart parking solutions to the Relevant Regions, involving non-sanctioned customers, and had also made a one-off sale of our parking guidance systems comprising LED guidance displays, network controllers and parking sensors to Iran in 2024 denominated in U.S. dollars ("Iranian Transaction"). As advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, the Iranian Transaction appears to be a potential violation of the applicable U.S. sanctions due to the U.S. dollar payments. However, according to our International Sanctions Legal Advisors, given the one-off and inadvertent nature of the violation and the relatively low value of the transaction, it is unlikely that the Iranian Transaction would result in the imposition of sanctions on the Relevant Persons. In addition, even if we were to forego the voluntary self-disclosure process ("VSD," a voluntary mitigating step an entity can decide to proceed to disclose an apparent/potential violation to the competent regulatory body, and the inaction of not submitting VSD itself is not a violation of U.S. sanctions), pursuant to OFAC's Enforcement Guidelines, the potential monetary base penalty for the violation would likely to be approximately US$10,000. Our Directors are of the view that such monetary penalty would not appear to represent a material risk for us. As further advised by our International Sanctions Legal Advisors after performing the procedures they consider necessary, these transactions involving Relevant Regions other than Iran did not represent a violation of the International Sanctions.

Sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Persons. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. Our business and reputation could be adversely affected if the authorities of the United States, the European Union, the United Kingdom, the United Nations, Australia or any other jurisdictions were to determine that any of our future activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of us.

We are exposed to the risks associated with doing business internationally.

As we plan to expand our presence in overseas markets, such as Southeast Asian and the Middle East markets, we may have to adapt our business model to the local markets due to various legal requirements and market conditions. Our international operations and expansion efforts may result in increased costs and are subject to a variety of risks, including intensified competition, the enforcement of our intellectual property rights, unfamiliar market conditions, and the complexity of compliance with PRC and foreign laws and regulations. We also face other risks associated with international activities, including geopolitical frictions, trade barriers, economic and labor conditions, increased duties, taxes and other costs, and political instability. Sales of our products and services in foreign countries could be materially and adversely affected by international trade regulations, including duties, tariffs and anti-dumping penalties. We are also exposed to credit and collectability risk on our trade and bill receivables with customers in certain international markets. We cannot assure you that we can effectively limit our credit risk and avoid losses.

Any future occurrence of natural disasters, outbreaks of contagious diseases or other force majeure events may materially and adversely affect our business, results of operations and financial condition.

Our business could be materially and adversely affected by natural disasters, outbreaks of contagious diseases, or other force majeure events. For example, in response to the COVID-19 pandemic, we had implemented mitigation measures from time to time to contain its spread. We had to cancel or limit certain of our business activities, including service deployment and acceptance. We had also implemented measures such as temporary closure of our offices and restriction of employee travels, which affected our operations to certain extent. The impact from COVID-19 may adversely affect our customers' ability to pay and customer demand for our solutions, which would adversely affect our business, results of operations and financial condition.

In addition, natural disasters, such as fires, earthquakes, hurricanes, floods, tornadoes and unusual weather conditions, power outages, telecommunications failures, sabotages, other pandemic outbreaks, terrorist acts, disruptive global political events, or similar disruptions could materially and adversely affect our business operations and financial performance. It is possible that we may be unable to offer our products and services in the event of a server failure. We cannot assure you that any backup system or other mitigating measures will be adequate to protect us from the effects of any of these events, which may give rise to server interruptions, breakdowns, system failures or internet failures, and could cause the inability to transmit data, loss or corruption of data or malfunctions of software or hardware. The continuance of any of these events could increase the costs associated with our operations and reduce our ability to operate our business at intended capacities, thereby reducing revenue and profitability.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA

We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with future capital raising activities, and, if required, we cannot predict whether we will be able to obtain such approval or complete such filing.

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinion on Severely Punishing Illegal Activities in Securities Market (關於依法從嚴打擊證券違法活動的意見) (the "July 6 Opinion"), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, 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) and five supporting guidelines (collectively, "Overseas Listing Trial Measures"), which came into effect on March 31, 2023. Pursuant to the Overseas Listing Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. The filing is required to be conducted within three business days after the submission of the application for initial public offering and listing overseas to the overseas regulators. The CSRC will review the filing application and may have queries and may consult with other relevant regulators. Filings granted by the CSRC will have a valid term of one year during which the issuer should complete the offering. Further follow-up offerings after overseas listings also require a filing within three business days after the completion of the offering, and the listed companies will need to report to the CSRC upon the occurrence and public disclosure of certain significant matters such as a change in control, penalty received from overseas securities regulators or relevant PRC regulators, a switch of listing status and a termination of listing. See "Regulatory Overview — Regulations on Securities and Overseas Listings — Overseas listings" for details. 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 orders 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.

As advised by our PRC Legal Advisors, we are required to go through the filing procedures with the CSRC under the Overseas Listing Trial Measures. We will file with the CSRC within the specific time limit as required by the Overseas Listing Trial Measures and seek guidance from the relevant regulator and/or legal advisors to ensure our compliance in all respects. However, we cannot assure you that we will be able to obtain such approval, filing or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval, filing or completing such procedures for the **[REDACTED]**, or a rescission of any such approval or filing obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities, and such failure may adversely affect our ability to finance the development of our business and could have a material adverse effect on our business and financial condition. Furthermore, if the filing procedure with the CSRC under the Overseas Listing Trial Measures is required for any future offerings, listing or any other capital raising activities, it is uncertain whether we could complete the filing procedure in relation to any further capital raising activities in a timely manner, or at all.

On February 24, 2023, the CSRC, the Ministry of Finance, the National Administration of State Secrets Protection, and the National Archives Administration of China published the revised Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市

相關保密和檔案管理工作的規定) (the "Archives Rules") which came into effect on March 31, 2023. The Archives Rules require that, in relation to the overseas securities offering and listing activities of domestic companies, either in direct or indirect form, such domestic companies, as well as securities companies and securities service institutions providing relevant securities services, are required to strictly comply with relevant requirements on confidentiality and archives management, establish a sound confidentiality and archives system, and take necessary measures to implement their confidentiality and archives management responsibilities. According to the Archives Rules, during an overseas offering and listing, if a domestic company needs to provide or publicly disclose to securities companies, securities service providers and overseas regulators, any materials that contain relevant state secrets or that have an adverse impact on the national security or public interests, the domestic company should complete the relevant approval/filing and other regulatory procedures.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt the **[REDACTED]** or future **[REDACTED]** activities before settlement and delivery of the H Shares **[REDACTED]** hereby. Consequently, if you engage in market **[REDACTED]** or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for the **[REDACTED]** or future **[REDACTED]** activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures for obtaining the waiver are subject to change. Failure to obtain such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and **[REDACTED]** of the H Shares.

Changes in the economic, political and social conditions in the jurisdictions in which we operate or the global economic environment could adversely affect our business, results of operations, financial condition, cash flows and prospects.

We primarily operate in and derive substantially all of our revenue from China. Our business, results of operations and financial condition are affected by the economic, political and social conditions in China. In particular, factors such as corporate and government spending, business investment, level of economic development, and resource allocation could affect the growth of our business. We cannot predict the changes in economic, political and social conditions in the future and the impact of the new government policies on our business and prospects in jurisdictions in which we operate.

Moreover, the global macroeconomic environment has been facing challenges and uncertainties recently. There is also considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States, as well as the problems that may arise from the unwinding of such policies, such as the rise in interest rates. There have also been dynamic changes over the relationship between China and other countries, including the United States and the surrounding Asian countries. Moreover, there have been heightened tensions in international relations globally, such as the recent Russia-Ukraine and the Israel-Palestine conflict. Unrest, terrorist threats and the potential for war in the Middle East and elsewhere may also increase market volatility globally. Any severe or prolonged slowdown in the global or Chinese economy may materially and adversely affect our business, results of operations, financial condition and prospects.

Laws and regulations of currency conversion, and restrictions on the remittance of Renminbi into and out of China, may limit our ability to pay dividends and other obligations, and adversely affect the value of your [REDACTED].

There are laws and regulations of the convertibility of Renminbi into foreign currencies. We receive the vast majority of our revenue in Renminbi. We may convert a portion of our revenue into other currencies to meet our foreign currency obligations, such as payments to certain suppliers, if any. Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency, or otherwise satisfy our foreign currency denominated obligations. Under the existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and **[REDACTED]** and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. If the foreign exchange regulatory policies prevent us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, we cannot assure you that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

Our operations are subject to and may be affected by changes in tax laws and regulations.

We are subject to periodic examinations on fulfillment of our tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past, we have acted in compliance with the requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or action that could adversely affect our reputation, business, results of operations and financial condition. Furthermore, tax laws and regulations may be adjusted or changed in the future. For instance, under the Individual Income Tax Law of the People's Republic of China (the "IIT Law") (中華人民共和國個人所得稅法), which was amended on June 30, 2011 and came into effect on September 1, 2011, foreign nationals who have domiciles in the PRC, or have no domicile in China but have resided in the PRC for one year or more, would be subject to PRC individual income tax at progressive rates on their income gained within or outside the PRC. The Standing Committee of the National People's Congress has approved the amendment of the IIT Law, which became effective on January 1, 2019. Under the amended IIT law, foreign nationals who have no domicile in China but have resided in the PRC for a total of 183 days or more in a tax year would be subject to PRC individual income tax on their income gained within or outside the PRC. Should this rule be strictly enforced, our ability to attract and retain highly skilled foreign scientists and research personnel to work in China may be materially affected. Further adjustments or changes to PRC tax laws and regulations, together with any change resulting therefrom, could also have an adverse effect on our business, results of operations and financial condition.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the **[REDACTED]** or other **[REDACTED]** of H Shares.

Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the income derived in China under the IIT Law and its implementation guidelines. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdiction in which the foreign individual resides reduce or provide an exemption for the relevant tax obligations. However, pursuant to the Circular on Certain Policy Questions Concerning Individual Income Tax (財政部、國家稅務總局關於個人所得稅若干政策問題的通知) (Cai Shui Zi [1994] No. 020) issued by the Ministry of Finance and the State Taxation Administration on May 13, 1994, the income gained by individual foreigners from dividends and bonuses of enterprise with foreign investment are exempted from individual income tax for the time being. In addition, under the IIT Law and its implementation regulations, non-PRC resident individual holders of H shares are subject to individual income tax at a rate of 20% on gains realized upon the **[REDACTED]** or other **[REDACTED]** of H shares. However, pursuant to Circular of Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知)

(Cai Shui Zi [1998] No. 61) issued by the Ministry of Finance and the State Taxation Administration on March 30, 1998, from January 1, 1997, the income of individuals from the transfer of the shares of listed enterprises continues to be exempted from individual income tax.

As of the Latest Practicable Date, no aforesaid provisions had expressly provided that individual income tax shall be levied non-PRC resident individual holders on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges, and to our knowledge, no such individual income tax was levied by PRC tax authorities in practice. However, relevant laws and regulations and the related practices may be changed, which could result in levying income tax on non-PRC resident individual holders on gains from the **[REDACTED]** of H shares.

For non-PRC resident enterprises that do not have establishments or premises in China, and for those have establishments or premises in China but whose income is not related to such establishments or premises, under the EIT Law and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the **[REDACTED]** or other **[REDACTED]** of H Shares are subject to PRC enterprise income tax at a 10% rate. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (Guo Shui Han [2008] No. 897) issued by State Taxation Administration on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10% and we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including **[REDACTED]**). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

Despite the arrangements mentioned above, the PRC tax laws and regulations may change, and the interpretation and application of applicable PRC tax laws and regulations may also change accordingly, which may adversely affect the value of your **[REDACTED]** in our H Shares.

You may have limited resources in effecting service of legal process or enforcing foreign judgments against us and our Directors and management.

We are a company incorporated under the PRC laws, and all our assets and subsidiaries are currently located in mainland China and Hong Kong. All of our Directors and senior management reside within mainland China or Hong Kong. The assets of these Directors and senior management also may be located within China. As a result, it may not be possible to effect service of process upon our Directors and senior management outside China. It may be difficult or impossible for you to effect service of process upon us or these individuals, or to bring an action against us or against these individuals in the event that you believe your rights have been infringed under the applicable securities laws or otherwise.

On January 18, 2019, the Supreme People's Court of the PRC and the government of Hong Kong signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "2019 Arrangement"), which took effect on January 29, 2024. The 2019 Arrangement seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between mainland China and Hong Kong, based on criteria other than a written bilateral choice of court agreement. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases, subject to the conditions set forth in the 2019 Arrangement. However, we cannot assure you that all final judgments will fully fall into the scope of 2019 Arrangement and thus be recognized and effectively enforced by the relevant PRC and Hong Kong court.

Payment of dividends is subject to restrictions under PRC law.

Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits are defined as our profits after taxes as determined under PRC GAAP less any recovery of accumulated losses and appropriations to statutory and other reserves that we are required to make. As a result, we may not have sufficient, if any, distributable profits to enable our Company to make dividend distributions to its shareholders in the future, including periods for which our Company's financial statements indicate that our operations have been profitable. Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRSs in certain respects, our Company may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRSs, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Restrictions on dividend payment could have a negative impact on our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

RISKS RELATING TO THE [REDACTED]

An active [REDACTED] for our H Shares may not develop or be sustained.

Prior to the completion of the **[REDACTED]**, there has been no public market for our H Shares. We cannot assure you that an active **[REDACTED]** for our H Shares with adequate **[REDACTED]** will develop or be sustained following the completion of the **[REDACTED]**. The initial **[REDACTED]** is the result of negotiations between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**), which may not be indicative of the **[REDACTED]** at which our H Shares will be **[REDACTED]** following the completion of the **[REDACTED]**. The **[REDACTED]** of our H Shares may drop below the initial **[REDACTED]** at any time following the **[REDACTED]**.

We have applied to the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]** in, the H Shares to be issued pursuant to the **[REDACTED]** (including any H Shares which may be issued pursuant to the exercise of the **[REDACTED]** and the H Shares to be **[REDACTED]** from Domestic Shares). A **[REDACTED]** on the Stock Exchange, however, does not guarantee that an active and **[REDACTED]** for the H Shares will develop, or if it does develop, that it will be sustained following the **[REDACTED]**, or that the **[REDACTED]** of the H Shares will not decline following the **[REDACTED]**. If an active **[REDACTED]** for our H Shares does not develop following the completion of the **[REDACTED]**, the **[REDACTED]** and **[REDACTED]** of our H Shares could be materially and adversely affected.

The [REDACTED] and [REDACTED] of our H Shares may be volatile, which could lead to substantial losses to investors.

The **[REDACTED]** and **[REDACTED]** of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the **[REDACTED]** of the shares of other companies engaging in similar business may affect the **[REDACTED]** and **[REDACTED]** of our H Shares. In addition to market and industry factors, the **[REDACTED]** and **[REDACTED]** of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies **[REDACTED]** on the Stock Exchange with significant operations and assets in China have experienced **[REDACTED]** volatility in the past, and it is possible that our H Shares may be subject to changes in **[REDACTED]** not directly related to our performance.

Future [REDACTED] or perceived [REDACTED] of substantial amounts of our H Shares in the [REDACTED] could have a material adverse effect on the [REDACTED] of our H Shares and our ability to [REDACTED] additional capital in the future.

The **[REDACTED]** of our H Shares could decline as a result of future **[REDACTED]** of a substantial number of our H Shares or other securities relating to our H Shares in the **[REDACTED]**, or the issuance of new shares or other securities, or the perception that such **[REDACTED]** or issuances may occur. Future **[REDACTED]**, or anticipated **[REDACTED]**, of substantial amounts of our securities, including any future **[REDACTED]**, could also materially and adversely affect our ability to **[REDACTED]** capital at a specific time and on terms favorable to us. In addition, our Shareholders may experience dilution in their holdings if we issue more securities in the future. New shares or shares-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the H Shares.

While investors **[REDACTED]** in the **[REDACTED]** are not subject to any restrictions on the disposal of the H Shares they **[REDACTED]** (except as disclosed in "Information about this Document and the **[REDACTED]** — Restrictions on **[REDACTED]** and **[REDACTED]** of the H Shares"), they may have existing arrangements or agreements to dispose part or all of the H Shares they hold immediately or within certain period upon completion of the **[REDACTED]** for legal and regulatory, business and **[REDACTED]**, or other reasons. Such disposal may occur within a short period or any time or period after the **[REDACTED]**.

Any **[REDACTED]** of the H Shares **[REDACTED]** by such investors pursuant to such arrangement or agreement could adversely affect the **[REDACTED]** of our H Shares and any sizeable **[REDACTED]** could have a material and adverse effect on the **[REDACTED]** of our H Shares and could cause substantial volatility in the **[REDACTED]** of our H Shares.

There will be a gap of several days between [REDACTED] and [REDACTED] of our H Shares, and the [REDACTED] of our H Shares when [REDACTED] begins could be lower than the [REDACTED].

The initial **[REDACTED]** to the **[REDACTED]** of our H Shares **[REDACTED]** in the **[REDACTED]** is expected to be determined on the **[REDACTED]**. However, the Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to occur a few Hong Kong business days after the **[REDACTED]**. As a result, investors may not be able to **[REDACTED]** or otherwise **[REDACTED]** in the **[REDACTED]** during that period. Accordingly, holders of our H Shares are subject to the risk that the **[REDACTED]** of the Shares when **[REDACTED]** begins could be lower than the **[REDACTED]** as a result of adverse **[REDACTED]** conditions or other adverse developments that may occur between the time of **[REDACTED]** and the time **[REDACTED]** begins.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The **[REDACTED]** of the **[REDACTED]** is higher than the net tangible asset value per Share immediately prior to the **[REDACTED]**. Therefore, purchasers of the **[REDACTED]** in the **[REDACTED]** will experience an immediate dilution in **[REDACTED]** consolidated net tangible asset value. We cannot assure you that if we were to immediately **[REDACTED]** after the **[REDACTED]**, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider **[REDACTED]** and issuing additional Shares in the future. Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a **[REDACTED]** which is lower than the net tangible asset value per Share at that time.

Certain facts, forecasts and statistics contained in this document are derived from various official or third-party sources and may not be accurate, reliable, complete or up to date.

We have derived certain information and statistics in this document, particularly the section headed "Industry Overview," from the report prepared by China Insights Consultancy, which was commissioned by us, and from various official government publications and other publicly available publications provided by the PRC government, industry associations, independent research institutes and other third-party sources. The information from official government sources has not been independently verified by us, the Joint Sponsors, the **[REDACTED]**, any of their respective directors and advisors, or any other persons or parties involved in the **[REDACTED]**, and, therefore, we cannot assure you as to the accuracy and reliability of such information and statistics, which may not be consistent with other information compiled inside or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable with statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such information or statistics.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our H Shares, the [REDACTED] for H Shares and [REDACTED] could decline.

The **[REDACTED]** for our H Shares and will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our H Shares, the **[REDACTED]** for our H Shares would likely decline.

If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the **[REDACTED]** of or **[REDACTED]** for our H Shares to decline.

Fluctuations in exchange rates may result in foreign currency exchange [REDACTED] and may have a material adverse effect on your [REDACTED].

During the Track Record Period, a significant portion of our revenue and expenditures were denominated in Renminbi, and a significant portion of our financial assets were also denominated in Renminbi. Any significant change in the exchange rates of the Hong Kong dollar against Renminbi may materially and adversely affect our cash flows, earnings and financial position, and the value of, and any dividends payable on, our H Shares in Hong Kong dollars. For instance, a further appreciation of Renminbi against the Hong Kong dollar would make any new Renminbi-denominated investments or expenditures more costly to us, to the extent that we need to convert Hong Kong dollars into Renminbi for such purposes. An appreciation of Renminbi against the Hong Kong dollar would also result in foreign currency translation losses for financial reporting purposes when we translate our Hong Kong dollar denominated financial assets into Renminbi, including **[REDACTED]** from the **[REDACTED]**, as Renminbi is the functional currency of our subsidiaries inside China. Conversely, if we decide to convert our Renminbi into Hong Kong dollars for the purpose of making payments for dividends on our H Shares or for other business purposes, appreciation of the Hong Kong dollar against Renminbi would have a negative effect on the Hong Kong dollar amount available to us.

You should read the entire document carefully and only rely on the information included in this document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the [REDACTED].

There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us and the **[REDACTED]**. We have not authorized the disclosure of any information concerning the **[REDACTED]** in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their decisions on the basis of the information contained in this document only and should not rely on any other information.

In preparation for the **[REDACTED]**, we have applied to the Stock Exchange for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, all applicants applying for a primary **[REDACTED]** on the Stock Exchange must have sufficient management presence in Hong Kong. This would normally mean that at least two of the applicant's executive directors must be ordinarily resident in Hong Kong.

Our Company's business operations and assets are primarily located outside Hong Kong. Our Company's executive Directors are based in the PRC as our Board believes it is more effective and efficient for our executive Directors to be based in a location where our substantial operations are located. Our Company therefore does not, and in the near future will not, maintain management presence in Hong Kong.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that our Company implements the following arrangements:

(1) We have appointed Mr. Sun and Ms. Wu Yiting (吳怡婷) as our authorized representatives for the purpose of Rule 3.05 of the Listing Rules. They will serve as the principal channel of communication with the Stock Exchange and make themselves readily available to communicate with the Stock Exchange. We have also appointed Ms. So Lai Shan (蘇麗珊) as our alternate authorized representative. Ms. So Lai Shan resides in Hong Kong and each of Mr. Sun, Ms. Wu Yiting and Ms. So Lai Shan can be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time upon the request of the Stock Exchange. The contact details of our authorized representatives have been provided to the Stock Exchange.

(2) All Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period. In addition, each Director has provided his/her contact details, including phone numbers and email addresses, to our authorized representatives and alternate authorized representative and to the Stock Exchange. In the event that a Director expects to be traveling or otherwise be out of office, he/she will provide the

phone number of the place of his/her accommodation or other contact information to our authorized representatives and alternate authorized representative to ensure that each of our authorized representatives and alternate authorized representative will be able to contact all our Directors promptly at all times if and when the Stock Exchange wishes to contact our Directors.

(3) We have appointed CMBC International Capital Limited as our compliance advisor in accordance with Rule 3A.19 of the Listing Rules, which will serve as an additional and alternative channel of communication with the Stock Exchange in addition to our authorized representatives and alternate authorized representative. The compliance advisor will have reasonable access, at all times during the term of their appointment, to our authorized representatives, Directors and other officers of our Company, participate in the communication between the Stock Exchange and our Company and answer inquiries from the Stock Exchange.

(4) Any meeting between the Stock Exchange and our Directors will be arranged through our authorized representatives, alternate authorized representative or our compliance advisor or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives, alternate authorized representative and our compliance advisor.

(5) We intend to retain our Hong Kong legal advisors on on-going compliance requirements, any amendment or supplement to and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after the **[REDACTED]**.

JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who possesses the necessary academic or professional qualifications or relevant experience, and is therefore capable to discharge the functions of the company secretary. Note 1 to Rule 3.28 of the Listing Rules provides that the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(1) a member of The Hong Kong Chartered Governance Institute;

(2) a solicitor or a barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong); and

(3) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong).

Note 2 to Rule 3.28 of the Listing Rules further sets out the factors that the Stock Exchange will consider in assessing an individual's "relevant experience":

(1) length of employment with the issuer and other issuers and the roles he/she has undertaken;

(2) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;

(3) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the Listing Rules; and

(4) professional qualifications in other jurisdictions.

Our Company has appointed Ms. Wu Yiting as our joint company secretary, with effect from the **[REDACTED]**. Ms. Wu Yiting joined our Group in March 2010 and possesses relevant understanding and knowledge relating to the business operations and corporate culture of our Group. In her capacity as our Board secretary, Ms. Wu Yiting has actively participated in the preparation of the application for the **[REDACTED]** and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Ms. Wu Yiting's expertise and backgrounds, our Directors consider that she is capable of discharging the functions of company secretary and is suitable person to perform such role.

As Ms. Wu Yiting currently does not possess the qualifications under Rule 3.28 of the Listing Rules, and may not be able to fulfill the requirements of the Listing Rules on her own, we have appointed Ms. So Lai Shan, an associate member of the Hong Kong Chartered Governance Institute, who is qualified under Rule 3.28 of the Listing Rules, to act as the other joint company secretary with effect from the **[REDACTED]** and to work closely with and provide assistance to Ms. Wu Yiting for an initial period of three years commencing from the **[REDACTED]**.

The following arrangements have been, or will be, put in place to assist Ms. Wu Yiting in acquiring the qualifications and experience as the joint company secretary of our Company required under Rules 3.28 and 8.17 of the Listing Rules:

(1) In the course of the preparation of the application for the **[REDACTED]**, Ms. Wu Yiting has been provided with a memorandum and has attended a training seminar on the respective obligations of our Directors and senior management and our Company under the relevant Hong Kong laws and the Listing Rules provided by our Hong Kong legal advisors.

(2) In addition to the minimum training requirements under Rule 3.29 of the Listing Rules, our Company will ensure that Ms. Wu Yiting continues to have access to relevant training and support to familiarize herself with the Listing Rules and the duties of a company secretary of an issuer **[REDACTED]** on the Stock Exchange, and to receive updates on the latest changes to the applicable Hong Kong laws, regulations and the Listing Rules. Furthermore, our Company will ensure that Ms. Wu Yiting and Ms. So Lai Shan will seek and have access to the advice from our Hong Kong legal advisors and other professional advisors as and when required.

(3) Ms. So Lai Shan will assist Ms. Wu Yiting to acquire the "relevant experience" as required under Note 2 to Rule 3.28 of the Listing Rules and to discharge her duties as company secretary. Ms. Wu Yiting will be assisted by Ms. So Lai Shan for an initial period of three years commencing from the **[REDACTED]**. As part of the arrangement, Ms. So Lai Shan will act as one of the joint company secretaries and communicate regularly with Ms. Wu Yiting on matters relating to corporate governance, the Listing Rules as well as other laws and regulations which are relevant to our Company. Ms. So Lai Shan will also assist Ms. Wu Yiting in organizing Board meetings and Shareholders' meetings as well as other matters of our Company which are incidental to the duties of a company secretary.

(4) Our Company has appointed the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional channel of communication with the Stock Exchange and provide professional guidance and advice to us and our joint company secretaries as to compliance with the Listing Rules and all other applicable laws and regulations.

We have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. So Lai Shan ceases to provide such assistance or ceases to meet the requirements under Rule 3.28 of the Listing Rules, or if there are material breaches of the Listing Rules by our Company during the three-year period from the **[REDACTED]**. We will liaise with the Stock Exchange before the end of the three-year period to enable it to assess whether Ms. Wu Yiting, having had the benefit of Ms. So Lai Shan's assistance for three years, will have acquired the relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

See "Directors and Senior Management" for the biographical details of Ms. Wu Yiting and Ms. So Lai Shan.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Sun Longxi (孫龍喜)	Room 222, No. 141 Lianyueli Siming District, Xiamen Fujian PRC	Chinese
Mr. Huang Jinlian (黃金練)	Room 1005, No. 297 Hubin East Road Siming District, Xiamen Fujian PRC	Chinese
Non-executive Directors		
Mr. Wang Zhongsheng (王忠生)	Keytop Production Base, No. 19 Hongxi Road Xiang'an District, Xiamen Fujian PRC	Chinese
Mr. Ye Hua (葉樺)	2-F4-2#, No. 50 Zourong Road Yuzhong District Chongqing PRC	Chinese
Independent non-executive Directors		
Dr. Li Xiaolin (李小琳)	Room 503, West Unit, No. 4-3 Beixiu Village Gulou District, Nanjing Jiangsu PRC	Chinese
Dr. Su Xinlong (蘇新龍)	Room 101, No. 25 Xiamen University Seaside East District Siming District, Xiamen Fujian PRC	Chinese

Mr. Chen Linwei (陳琳偉)	2/F, 38 Tong Fuk Tsuen Lantau Island New Territories Hong Kong	Chinese (Hong Kong)

For the biographies and other relevant information of our Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **CMBC International Capital Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

[REDACTED]

Legal Advisors to the Company	*as to Hong Kong and U.S. laws:* **Han Kun Law Offices LLP** Rooms 4301-10, 43/F Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
	as to PRC law: **King & Wood Mallesons** 28th Floor, China Resources Tower 2666 Keyuan South Road Nanshan District Shenzhen, Guangdong PRC
	as to PRC cybersecurity and data privacy protection laws: **AllBright Law Offices** 9, 11/F–12/F, Shanghai Tower No. 501 Yincheng Middle Road Pudong New Area Shanghai PRC

	as to International Sanctions laws: **Hogan Lovells** 11th Floor, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Joint Sponsors and [REDACTED]	*as to Hong Kong and U.S. laws:* **Paul Hastings** 22/F, Bank of China Tower 1 Garden Road Central Hong Kong
	as to PRC law: **Jingtian & Gongcheng** 45/F, K.Wah Centre 1010 Huaihai Road (M) Xuhui District Shanghai PRC
Auditors and Reporting Accountants	**KPMG** *Certified Public Accountants* 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Independent Industry Consultant	**China Insights Industry Consultancy Limited** 10F, Block B, Jingan International Center 88 Puji Road, Jingan District Shanghai China

[REDACTED]

CORPORATE INFORMATION

Registered Office in the PRC	Unit 301, No. 58 Guanri Road Xiamen Software Park Xiamen, Fujian PRC
Headquarters and Principal Place of Business in the PRC	3-4/F, No. 155 Taidong Road Siming District Xiamen, Fujian PRC
Principal Place of Business in Hong Kong	Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Company Website	www.keytop.com.cn (Information contained on this website does not form part of this document)
Joint Company Secretaries	**Ms. Wu Yiting (吳怡婷)** Room 1401, No. 6 Qiaohongli Siming District Xiamen, Fujian PRC **Ms. So Lai Shan (蘇麗珊)** *(ACG (CS, CGP) HKACG (CS, CGP))* Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Authorized Representatives	**Mr. Sun Longxi (孫龍喜)** Room 222, No. 141 Lianyueli Siming District, Xiamen Fujian PRC **Ms. Wu Yiting (吳怡婷)** Room 1401, No. 6 Qiaohongli Siming District, Xiamen Fujian PRC

Alternate Authorized Representative	**Ms. So Lai Shan (蘇麗珊)** Room 1901, 19/F Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Nomination Committee	Dr. Li Xiaolin (*Chairperson*) Dr. Su Xinlong Mr. Sun Longxi
Audit Committee	Dr. Su Xinlong (*Chairperson*) Dr. Li Xiaolin Mr. Ye Hua
Remuneration Committee	Dr. Li Xiaolin (*Chairperson*) Dr. Su Xinlong Mr. Sun Longxi
Compliance Advisor	**CMBC International Capital Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong

[REDACTED]

Principal Banks	**China Merchants Bank, Xiamen Branch** 1/F, China Merchants Bank No. 18 Consulate Road Siming District, Xiamen Fujian PRC **Bank of Communications, Xiamen Songbai Branch** No. 463-1 Xianyue Road Siming District, Xiamen Fujian PRC

The information and statistics set out in this section and other sections of this document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by China Insights Consultancy. We engaged China Insights Consultancy to prepare the CIC Report, an independent industry report, in connection with the **[REDACTED]**. *Information and statistics from official government sources have not been independently verified by us, the Joint Sponsors,* **[REDACTED]**, *any of our or their respective directors, officers or representatives or any other person involved in the* **[REDACTED]** *and no representation is given as to their correctness or accuracy.*

PARKING SPACE OPERATION INDUSTRY IN CHINA

Overview of China's Parking Space Operation Industry

Parking space operation refers to hardware devices installation and maintenance, software systems deployment, parking management services, and parking asset operations within parking facilities, realized through either manual labor or intelligent technologies. Previously, parking facilities were managed manually using traditional methods. With the advancement and widespread adoption of intelligent technologies, parking space operators had gradually began to adopt IoT devices to perceive massive parking-related data and subsequently realized smart parking management and asset operations through integrated hardware and software. In recent years, AI technologies have reshaped urban transportation management and parking space operations, enabling comprehensive digitalization and operational enhancement.

Parking space operators in China are primarily classified into smart parking space operators and traditional parking space operators in terms of business models. Smart parking space operators utilize extensive data and intelligent technologies to provide smart parking systems, management services, and asset operations tailored to the various needs of parking facilities. They offer a range of products and services, encompassing intelligent hardware devices, cloud-based software systems, user-end applications, and other digital hardware and software systems. Additionally, they deliver diverse smart parking management services and smart parking asset operations built upon these systems. Smart parking space operators typically generate revenue streams based on different business models, including product sales revenue, management service fees, parking fees, and value-added service fees.

Compared with smart parking space operators, traditional parking space operators typically rely on manual labor teams such as management, cleaning, and security personnel, or integrate outsourced intelligent hardware devices and software systems, management services, and asset operations to renovate and operate parking facilities. Traditional parking space operators primarily include property management companies and parking asset owners who have established their own management teams to operate parking facilities. Among them, property management companies are commissioned by parking asset owners to provide parking management services and receive fixed management service fees, or engage in parking asset operations through contracting arrangements, generating revenue from parking fees.

Analysis of Pain Points in the Development of China's Parking Space Operation Industry

- ***Supply-demand imbalance leads to parking challenges and urban congestion.*** With the development of urbanization, China's vehicle parc has reached 345.7 million vehicles by the end of 2024, while the total parking space could accommodate only 190.0 million vehicles, resulting in a vehicle-to-parking space ratio of merely 1:0.5, significantly below the guideline set forth in the Planning Guidelines for Urban Parking Facilities (城市停車設施規劃導則) issued by the PRC Ministry of Housing and Urban-Rural Development in 2015. According to the guideline, in cities with a planned population of over 500,000, the total supply of parking space should ideally accommodate between 1.1 and 1.3 times the vehicle parc; and in cities with a planned population of less than 500,000, this ratio should be between 1.1 and 1.5 times. This reveals a notable shortfall between vehicle parc and the development of parking spaces. Parking spaces may also be occupied for excessively long periods, leading to low utilization and intensified congestion, creating a vicious cycle between road congestion and parking difficulties. This mismatch undermines traffic efficiency, and raises travel costs and hinders the sustainable development of cities.

- ***Unrefined traditional operations result in low efficiency.*** Traditional parking space operators rely heavily on manual processes, resulting in low operating efficiency and under-utilization of parking facilities. The traditional approach is not only difficult to accommodate the evolving needs of parking space operations, but also results in wasted parking resources and rising operating costs.

- ***Over-reliance on single-stream business models constrains revenue potential.*** Currently, parking facilities are under-utilized and inadequately integrated with complementary infrastructures. This hinders the effective commercialization of value-added services, such as new energy vehicle ("NEV") charging, advertising, and vehicle rentals. Ultimately, parking space operators find it challenging to obtain more diversified revenue streams from value-added services, limiting the industry's long-term profitability.

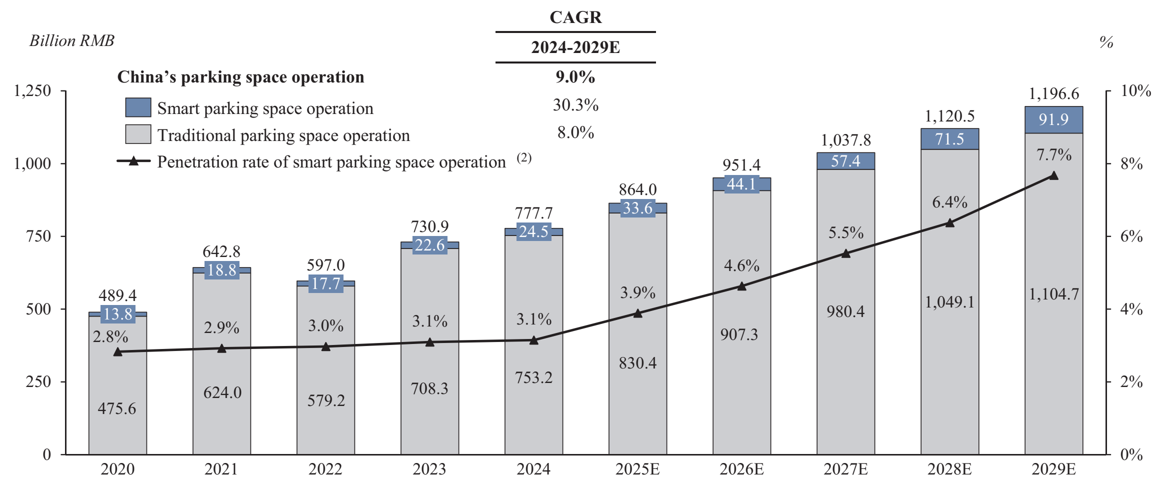
- ***Slow progress in green and low-carbon transition restricts sustainable urban mobility.*** Under China's "Dual Carbon" goals, parking space operation, as a vital component of urban transportation, also faces carbon reduction requirements. Parking facilities necessitate the deployment of smart parking systems to help reduce the time drivers spend circling for vacant spaces, thereby mitigating carbon emissions. However, the implementation of these systems often requires high capital investments. Furthermore, to support sustainable mobility, parking facilities should integrate new energy equipment, such as NEV charging stations and energy storage units. Nevertheless, integrating new energy equipment faces challenges such as compatibility issues with existing parking facilities and immature business models. These constraints have hindered the broader transition toward low-carbon operations, thereby limiting the urban transportation to achieve sustainable development.

Market Size of Parking Space Operation Industry

Driven by the demand for expanding parking facilities and optimizing the utilization of existing parking facilities, and the increasingly widespread application of intelligent technologies, the market size of China's parking space operation industry in terms of revenue increased from RMB489.4 billion in 2020 to RMB777.7 billion in 2024, representing a CAGR of 12.3%. Traditional parking space operators have entered the market at an early stage and developed a proven business model combining manpower and outsourced intelligent systems, and currently dominate the market. The market size of China's traditional parking space operation industry in terms of revenue reached RMB753.2 billion in 2024, accounting for 96.9% of the overall parking space operation market size in 2024.

With the continued growth and increasing complexity of urban parking demand, the needs of vehicle owners for intelligent and convenient parking experiences continue to increase. In addition, traditional parking space operators and parking asset owners face urgent demands to reduce costs, enhance efficiency, and diversify revenue sources. Therefore, traditional parking space operators and parking asset owners will continue to purchase intelligent hardware devices, cloud-based software systems, user-end applications, and other digital hardware and software systems from smart parking space operators, and further engage various parking management services and parking asset operations provided by smart parking space operators. This trend will further expand the growth potential for smart parking space operators in China. The market size of China's smart parking space operation industry in terms of revenue is expected to increase to RMB91.9 billion by 2029, representing a CAGR of 30.3% from 2024 to 2029, accounting for 7.7% of the overall parking space operation market size in 2029. As smart parking space operators shift their business focus from selling smart parking systems and providing smart parking management services to offering smart parking asset operations, an increasing number of parking facilities will be operated by smart parking space operators with parking fees collected, and smart parking space operators' penetration in the overall parking operation market in China is expected to grow rapidly.

Market size[1] of China's parking space operation industry, in terms of revenue, by business model, 2020-2029E



Notes:

(1) The market size encompasses diverse revenue streams, including management service fees, parking fees, and revenue derived from value-added services. Furthermore, it encompasses revenue generated from the sale, installation, and maintenance of hardware and software systems deployed within parking facilities.

(2) The penetration rate of smart parking space operation is calculated by dividing the market size of China's smart parking space operation industry by the total market size of China's parking space operation industry.

Source: the Ministry of Housing and Urban-Rural Development of the PRC, CIC

ANALYSIS OF CHINA'S SMART PARKING SPACE OPERATION INDUSTRY

The smart parking space operations utilize advanced technologies such as IoT, mobile payments, cloud computing, big data, and AI to fulfil the demands of digitalized management and operations generated from the whole process of parking space operations. Smart parking space operations primarily encompass smart parking systems, smart parking management services, and smart parking asset operations. These initiatives aim to optimize parking facility management capabilities, improve operating efficiency, and ultimately enhance parking asset value.

- ***Smart Parking System.*** By leveraging technologies such as IoT and mobile payments, smart parking systems typically include intelligent hardware devices, cloud-based software systems, and user-end applications. Through deployment of smart parking systems, various parking facilities can be transformed and upgraded to enable comprehensive intelligent sensing and control.

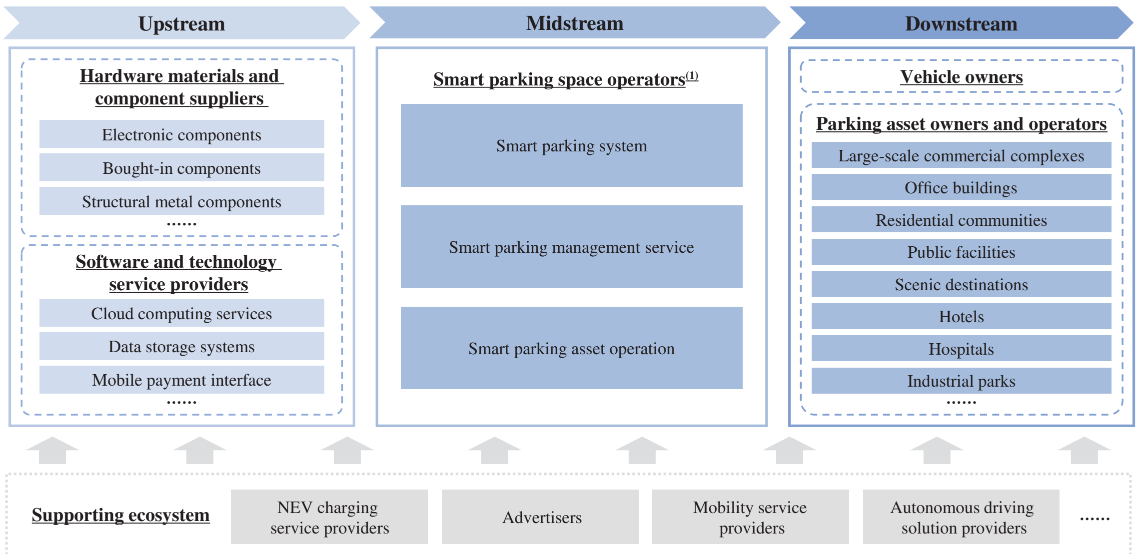
- ***Smart Parking Management Service.*** Smart parking management services refer to various management services provided based on one or more smart parking systems within parking facilities, which include cloud-based online services, on-site management services, and integrated online-offline management services. Leveraging advanced technologies such as IoT, cloud computing, and big data, these services enable centralized management from individual parking lanes to multi-site parking facilities. This significantly reduces labor costs and effectively enhances operating efficiency and cost-effectiveness.

- ***Smart Parking Asset Operation.*** Smart parking asset operations refer to the comprehensive operation services provided around parking assets. Through in-depth analysis of operating data and user behaviors, this approach develops targeted optimization strategies and user acquisition plans, enhancing value-added potential and resource integration to achieve improvements both in asset value and operating revenues. In addition, this approach facilitates deep collaboration among smart parking space operators and stakeholders in the supporting ecosystem, such as NEV charging service providers and advertisers, further activates the value of parking assets and establishes diverse revenue growth potential through the integration of resources from all parties.

Value Chain of Smart Parking Space Operation Industry

The upstream of smart parking space operation industry typically includes hardware suppliers, and software and technology service providers that provide fundamental support for the system and operation services. The materials and components that hardware suppliers provide mainly comprise electronic components, bought-in components, and structural metal components. Software and technology service providers offer digitalized solutions, such as cloud computing platforms, data storage systems, and mobile payment interface, to further optimize the application of smart parking space operations. The midstream mainly comprises smart parking space operators, which leverage big data, IoT, and cloud computing technologies to provide a range of smart parking products and services. The downstream customers are from application scenarios covering vehicle owners as well as parking asset owners and operators in various fields such as large-scale commercial complexes, office buildings, residential communities, public facilities, scenic destinations, hotels, hospitals, and industrial parks. The supporting ecosystem comprises stakeholders such as NEV charging service providers, advertisers, mobility service providers, and autonomous driving solution providers.

Value chain of smart parking sapce operation industry



Note:

(1) Smart parking space operators encompass companies that can deliver one or more segments of smart parking systems, smart parking management services, and smart parking asset operations.

Source: CIC

Value Proposition of Smart Parking Space Operation Industry

- ***Cost reduction, efficiency enhancement, and refined operations enabled by advanced technology and data-driven insights.*** Leveraging cutting-edge technologies such as cloud computing, IoT, and big data, smart parking space operations enhance the automation and intelligence level of parking facilities. Smart parking space operations leverage big data analytics to predict parking demand, optimize space allocation, and generate targeted operational optimization decisions based on historical data, thereby achieving cost reduction, efficiency enhancement, and refined operations.

- ***Diverse value-added services to expand profitability and growth potential.*** Smart parking space operations generate multiple revenue streams, expanding overall profitability through integrated value-added services. By integrating advanced technologies, smart parking space operations enable real-time data processing to deliver targeted marketing campaigns and enhance user stickiness and parking frequency. In addition, by analyzing parking duration patterns and user behaviors, operators can optimize value-added services such as NEV charging, digital advertising, and car washing. This multi-service approach not only supports diverse revenue sources but also fosters long-term business sustainability.

- ***Enhanced user experience through digital platforms.*** Relying on technologies such as big data, cloud computing, and mobile payment, smart parking space operations deliver comprehensive parking services through user-end application. Users can seamlessly perform multiple functions including digital payments, parking space reservation, and vehicle navigation through integrated platforms. This significantly improves convenience and offers users a more personalized, seamless, and efficient experience.

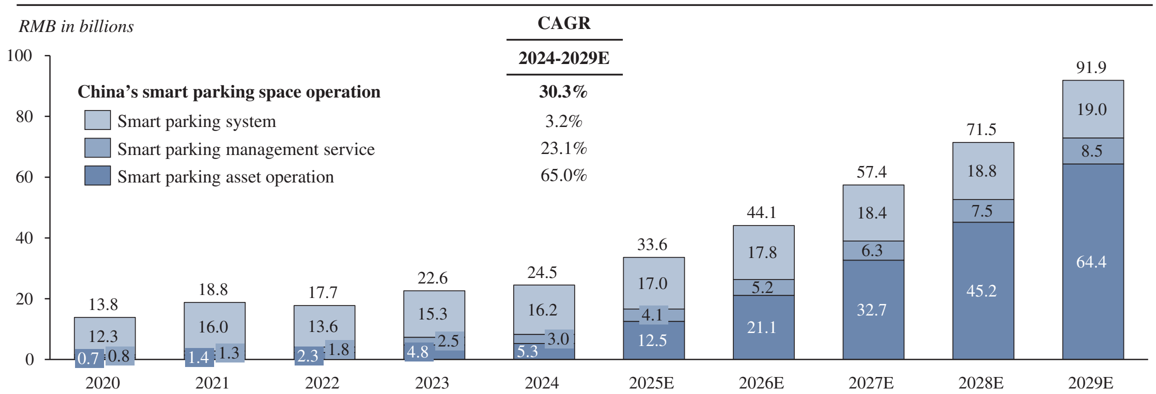
- ***Contribution to low-carbon and sustainable development.*** Smart parking space operations optimize parking workflows to reduce time spent circling for a space, thereby lowering vehicle emissions. In addition, leveraging IoT and big data technologies, the cloud-based software systems dynamically assess real-time charging station availability, pricing models, and occupancy patterns to deliver personalized route optimization for users. Furthermore, this not only enhances user experience, but also provides actionable insights for charging infrastructure investment, supporting the advancement of sustainable transportation and the development of a low-carbon transportation ecosystem.

Market Size of China's Smart Parking Space Operation Industry

The market size of China's smart parking space operation industry in terms of revenue increased from RMB13.8 billion in 2020 to RMB24.5 billion in 2024, representing a CAGR of 15.3%. With the deep integration of cutting-edge technologies such as AI and big data into the industry, and the acceleration of intelligent and eco-friendly transformation of parking facilities, smart parking space operators are expected to gradually replace traditional parking space operators. The market size of China's smart parking space operation industry in terms of revenue is expected to increase to RMB91.9 billion by 2029, representing a CAGR of 30.3% from 2024 to 2029.

The smart parking space operation market primarily comprises smart parking systems, smart parking management services, and smart parking asset operations. At present, smart parking systems maintain a dominant market position, owing to their pivotal role in supporting the digitalization and intelligent transformation of parking facilities. The market size of China's smart parking system segment in terms of revenue reached RMB16.2 billion in 2024, accounting for 66.2% of the overall smart parking space operation market size in 2024. In the future, as parking asset owners increasingly seek to optimize costs, diversify revenue streams, and elevate user experiences, the smart parking management services and smart parking asset operations segments are expected to demonstrate robust growth trajectories. The market sizes of China's smart parking management service segment and smart parking asset operation segment in terms of revenue are expected to increase to RMB8.5 billion and RMB64.4 billion, respectively, by 2029, representing a CAGR of 23.1% and 65.0%, respectively, from 2024 to 2029.

Market size of China's smart parking space operation industry, in terms of revenue, by segment, 2020-2029E



Source: the Ministry of Housing and Urban-Rural Development of the PRC, CIC

Growth Drivers of China's Smart Parking Space Operation Industry

- ***Significant parking shortages necessitate optimized utilization of parking facilities.*** In recent years, the imbalance between the supply and demand of parking facilities in China has become increasingly pronounced. By the end of 2024, China's vehicle parc has reached 345.7 million vehicles, while the total parking space could accommodate only 190.0 million vehicles, resulting in a vehicle-to-parking space ratio of merely 1:0.5. This pronounced supply-demand gap has created a pressing need to optimize parking facility utilization and alleviate widespread parking difficulties, thereby accelerating the development of the smart parking space operation industry in China.

- ***Pain points of traditional parking space operation models create demand for transformation.*** Traditional parking space operation models suffer from different pain points, including inefficient space allocation, high management costs, and limited revenue streams. These limitations not only undermine the parking experience for users but also constrain the profitability and operating efficiency of parking facilities. Parking asset owners and operators are increasingly seeking smart parking space operations to reduce costs, improve efficiency, expand revenue streams, and enhance asset value. At the same time, the demand for better parking experience among end users continues to rise. These combined factors are accelerating the development of the smart parking space operation industry in China.

- ***Continued maturation and scaled application of advanced technologies.*** Technologies such as AI, cloud computing, big data, and IoT serve as key drivers of smart parking space operation industry. AI enables in-depth analysis of operating and user data, leading to optimized strategies and cost reduction. Cloud computing provides robust computing power and data storage capacity, ensuring system stability and efficient processing. Big data analytics offers insights into traffic flows and user behaviors, improving resource allocation.

As these technologies continue to mature and be widely adopted, the smart parking space operation industry is seeing steady improvements in intelligence and economic performance, supporting its long-term development.

- ***Acceleration of green and low-carbon transformation of urban transportation.*** In alignment with China's "Dual Carbon" targets, the parking space operation industry in China, as an essential component of urban carbon emissions, is undergoing a critical transformation, forming a major driver for the smart parking space operation industry. With rising penetration of NEVs and tightening carbon emission regulations, parking asset owners and operators urgently need to achieve carbon reduction through measures such as the expansion of NEV charging networks and improved parking efficiency, thereby further advancing the development of smart parking space operation industry.

- ***Favorable policies and regulatory support in China.*** The PRC governments have introduced a series of supportive policies to promote the intelligent digitalization of parking facilities. Notable examples include the Guiding Opinions on Comprehensively Promoting the Construction of Urban Integrated Transportation Systems (關於全面推進城市綜合交通體系建設的指導意見) and the Opinions on Advancing the Construction of New Urban Infrastructure and Building Resilient Cities (關於推進新型城市基礎設施建設打造韌性城市的意見). These policy initiatives create a favorable environment for the growth of the smart parking space operation industry.

Future Trends of China's Smart Parking Space Operation Industry

- ***Accelerating AI innovation and data mining to enhance operation and management.*** As downstream customers increasingly seek to improve operating efficiency and expand revenue potential, smart parking space operators that effectively leverage big data and AI technologies to improve operations and management are gaining a competitive edge. Through AI technologies and in-depth mining of massive parking datasets, these companies can offer more refined operations and management and develop diverse value-added services. AI-driven perception algorithms also significantly enhance the accuracy of license plate recognition and anomaly detection, thereby improving overall operating performance. As such, accelerating AI innovation and data value extraction to improve operation and management capabilities has become a critical direction for the sustainable development of the industry.

- ***Upgrading ecosystem partnerships to expand revenue potential.*** Smart parking space operators are actively promoting in-depth collaboration with stakeholders in the supporting ecosystem, such as NEV charging service providers and advertisers, thereby expanding their connections with the automotive aftermarket and local life services, fostering deep integration of resources along the value chain. This integrated partnership not only unlocks additional revenue opportunities but also supports the creation of diverse revenue streams, enhancing the commercial value and overall profitability of parking assets and cultivating new momentum for the industry.

- ***Integrated development of vehicle and infrastructure to optimize smart mobility.*** Smart parking space operators are proactively pursuing strategic ecosystem partnerships and technological innovation with internet technology companies and automotive companies. For example, joint development of in-vehicle infotainment systems enables seamless, one-stop parking experiences for vehicle owners. Such partnerships support the ongoing upgrade of smart parking space operations, expand application scenarios, and meet customer demands for safer, more efficient, and intelligent mobility services.

- ***Accelerated global expansion of China's smart parking space operators.*** With advanced intelligent technologies, extensive industry experience, deep user insights, and massive data assets, China's smart parking space operators are demonstrating strong competitiveness in the global market. In recent years, these companies have shown a trend of international expansion, exporting cutting-edge technologies and products abroad. As a result, the global influence of China's smart parking space operation industry continues to grow.

Competitive Landscape of China's Smart Parking Space Operation Industry

China's smart parking space operation industry features a relatively fragmented competitive landscape, with top five smart parking space operators accounting for an aggregate market share of approximately 17.4% in terms of smart parking space operation revenue in 2024. We ranked the second in China's smart parking space operation industry with a market share of 3.3% in terms of relevant revenue in 2024.

Rankings of Smart Parking Space Operators, in terms of Revenue(1), 2024

Ranking	Provider	Revenue	Market Share
		(RMB in millions)	
1	Company A(2)	1,494.6	6.1%
2	**Our Group**	**797.8**	**3.3%**
3	Company B(3)	764.6	3.1%
4	Company C(4)	~700.0	~2.9%
5	Company D(5)	~500.0	~2.0%
	Sub-Total	**~4,257.0**	**~17.4%**

Notes:

(1) The revenue includes revenue from smart parking systems, smart parking management services, and smart parking asset operations.

(2) Company A, founded in 1992 and headquartered in Guangdong province, China, is a company listed on the Shenzhen Stock Exchange. It mainly engages in the R&D, design, manufacture, and sales of smart parking systems. In recent years, Company A has also expanded its scope to include smart parking management services and smart parking asset operations.

(3) Company B, founded in 1985 and headquartered in Hong Kong, is a company listed on the Stock Exchange. It mainly engages in the investment, operations and management of core infrastructure assets, including parking assets, in China that have long-term value.

(4) Company C, founded in 2006 and headquartered in Beijing, China, is a private company. It mainly engages in the smart parking management services and smart parking asset operations.

(5) Company D, founded in 2001 and headquartered in Zhejiang province, China, is a company listed on the Shenzhen Stock Exchange. It mainly engages in the R&D, design, manufacturing and sales of video-centric intelligent IoT systems, including smart parking systems.

Source: Annual Reports, CIC

Entry Barriers for China's Smart Parking Space Operation Industry

- ***Data asset barrier.*** The smart parking space operation industry has established data-centric competitive advantages. Leading companies, through years of operation, have accumulated massive data pools and are leveraging advanced technologies such as AI to continuously extract data value, thereby empowering the digitalization and intelligence of parking space operations. New entrants, on the other hand, face significant challenges due to limited data accumulation, under-developed data processing platforms, and inexperienced algorithm teams. This hampers their ability to convert data into operational insights and decisions, weakening their competitiveness in the market.

- ***Customer resource barrier.*** Smart parking space operators serve a wide range of customers, including large real estate developers, low-voltage intelligent system integrators, and government agencies. These customers often impose stringent entry requirements and systematically review the technical certifications, track record, and service network coverage of smart parking space operators. Without proven collaboration cases involving major customers, new entrants often fail to meet such requirements. Consequently, they must invest substantial time and resources to build brand reputation and earn customer trust, resulting in high and difficult customer acquisition costs.

- ***Technical barrier.*** Smart parking space operation relies extensively on advanced technologies such as IoT, big data, and cloud computing, requiring companies to possess deep technical expertise across multiple domains. The integration of hardware and software technologies also presents a high threshold, as smart parking space operators should possess professional capabilities in both hardware development and production, as well as software algorithm design and optimization, to ensure seamless system integration and efficient operation. Moreover, given the high degree of interaction between smart parking systems and other intelligent infrastructure, cross-disciplinary technology integration capabilities are essential for system extensibility. In contrast, new entrants typically lack the comprehensive technological foundation and integration capabilities, making it difficult for them to gain a competitive edge.

- ***Capital investment barrier***. Substantial financial investment is required across multiple stages. On the market expansion side, it takes substantial capital to obtain the exclusive rights to manage and operate parking facilities for the smart parking space operators to expand into the smart parking asset operation business. Furthermore, sustained investment in technological and product innovation is necessary to maintain competitiveness. Therefore, adequate capital support is a fundamental pre-requisite for long-term business development in this industry.

Key Success Factors for China's Smart Parking Space Operation Industry

- ***Extensive data accumulation and industry expertise.*** Data accumulation and industry expertise serve as a potent barrier in commercial competition, providing smart parking space operators with sustainable competitive benefits. Early market entry and strategic deployment enable companies to accumulate extensive user behavior and parking facility operating data, laying a solid foundation for the innovation and optimization of parking space operations. In addition, long-term and in-depth industry experience enables companies to have a more profound understanding of industry pain points and user needs, allowing them to respond more swiftly and accurately to market changes with tailored products and services.

- ***Extensive and loyal customer base.*** A broad customer base grants smart parking space operators strong brand influence and market credibility. Through extensive service experience, companies have accumulated a wide range of successful cases and a strong reputation, which serve as compelling endorsements to attract new customers and increase their trust. By collaborating with a massive customer base, companies have amassed substantial industry resources, including technical solutions, operating know-how, and supply chain networks. These resources can be efficiently leveraged to facilitate business expansion, significantly lowering customer acquisition costs. Moreover, close cooperation and ongoing feedback with customers from diverse fields help refine understanding of market needs and pain points, enabling continued iteration of products and services to further reinforce market leadership and competitive advantage.

- ***Advanced AI technology.*** By actively investing in AI technologies, companies can utilize deep learning algorithms and large-scale parking data to enable accurate vehicle identification, in-depth analysis of user behaviors, and deep value extraction from parking assets. Only companies with leading technological advantages can offer high-value and competitive services that drive operating efficiency and profitability, while also delivering a more seamless and premium experience for end users.

- ***Broad ecosystem partnerships.*** Smart parking asset operations span across all scenarios and value chain segments within the parking space operation industry. Deep collaboration with ecosystem partners enables companies to break down traditional information silos and overcome operating inefficiencies. Through seamless integration with ecosystem partners, companies can deliver aggregation services, which enhance user experience and maximize the latent value of parking assets. Companies that combine diverse services and possess a high-value ecosystem are better positioned to deliver full-chain, refined operational services, thereby optimizing resource allocation and maximizing operating revenues.

- ***Comprehensive after-sales support and platform-based operating capabilities.*** Comprehensive after-sales support and platform-based operating capabilities are essential to meet customer expectations for system stability and efficiency. Comprehensive after-sales service capabilities can ensure system reliability, enhance customer satisfaction, and improve customer retention. Meanwhile, platform-based operating capabilities enable companies to deliver comprehensive services built upon software and hardware systems, helping customers further improve operating efficiency and laying the foundation for subsequent business expansion. Only companies with holistic and integrated service capabilities can deliver high-quality operating solutions to customers and deliver superior user experiences.

SOURCE OF INFORMATION

In connection with the **[REDACTED]**, we engaged China Insights Consultancy, an independent market research consultant, to conduct an analysis of, and to prepare a report about China's smart parking space operation industry. The CIC Report has been prepared by China Insights Consultancy, independent of the influence of our Group and other interested parties. We have agreed to pay China Insights Consultancy a total fee of RMB510,000 for the preparation and use of the CIC Report, and we believe that such fees are consistent with the market rate. China Insights Consultancy is a consulting firm founded in Hong Kong and provides professional industry consulting services across multiple industries. China Insights Consultancy's services include industry consultancy services, commercial due diligence and strategic consulting.

CIC conducted both primary and secondary research using a variety of resources. Primary research involved interviewing key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources. The market projections in the commissioned report are based on the following key assumptions: (1) given China's enduringly stable political system, effective social governance and robust economic foundation, it is anticipated that the overall social, economic and political environments in China will remain stable during the forecast period; (2) according to the National Bureau of Statistics of China, key economic indicators such as gross domestic product, industrial added value, and urbanization rate have shown an upward trend in China over the past decade. Therefore, we believe that the economic and industry development in China is likely to maintain a steady growth trajectory during the forecast period, accompanied by continuing urbanization; (3) related key industry drivers such as significant parking shortages necessitating optimized utilization of parking facilities, pain points of traditional parking space operation models creating demand for transformation, continued maturation and scaled application of advanced technologies, acceleration of green and low-carbon transformation of urban transportation, and favorable policies and regulatory support in China are likely to propel continued growth in China's smart parking space operation industry throughout the forecast period; and (4) there will be no extreme force majeure event or unforeseen industry regulation that may significantly or fundamentally affect the relevant market and industry.

Unless otherwise specified, all data and forecasts contained in this section are derived from the CIC Report. Our Directors, upon acting with reasonable prudence, confirmed that there has been no occurrence of adverse change in the overall market information that would subject the data to significant restrictions, contradiction or negative effects since the date of the report.

OVERVIEW

We are subject to a variety of PRC laws, rules and regulations across a number of aspects of our business. This section sets out a summary of relevant laws and regulations that may have material impact on our business activities.

REGULATIONS ON FOREIGN INVESTMENT

The PRC Company Law (《中華人民共和國公司法》), promulgated by the Standing Committee of the National People's Congress on December 29, 1993, last amended on December 29, 2023 and came into effect on July 1, 2024, governs the establishment, operation and management of companies in the PRC, including foreign-invested companies. Unless foreign investment laws provide otherwise, foreign invested companies shall abide by the PRC Company Law.

Pursuant to the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), the Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) and Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020, the State Council establishes a foreign investment information report system. Foreign investors or foreign–funded enterprises shall submit investment information to the competent department for commerce concerned through the enterprise registration system and the enterprise credit information publicity system. The contents and scope of foreign investment information report shall be determined under the principle of necessity; it is not allowed to require the submission again of any investment information that can be obtained by interdepartmental information sharing. For foreign investment enterprises investing in China and establishing an enterprise (including multi–level investment), upon completion of registration filing and submission of annual report information to the market regulatory authorities, the relevant information shall be forwarded by the market regulatory authorities to the commerce administrative authorities, and these enterprises are not required to submit separately.

According to the Measures for the Security Review of Foreign Investment (《外商投資安全審查辦法》) promulgated by the NDRC and the Ministry of Commerce on December 19, 2020 and became effective on January 18, 2021, any foreign investment that has or possibly has an impact on state security shall be subject to security review in accordance with the provisions hereof. A foreign investor or a party concerned in China shall take the initiative to make a declaration to the working mechanism office prior to making the investment in any important infrastructure, important transportation services and other important fields that concern state security while obtaining the actual control over the enterprises invested in.

REGULATIONS ON EXPORTATION OF GOODS

Pursuant to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》) which was promulgated by the Standing Committee of the National People's Congress on May 12, 1994 and implemented on July 1, 1994, and subsequently revised on April 6, 2004, November 7, 2016, and December 30, 2022, foreign traders engaging in import and export of goods or technology shall submit documents and material related to its foreign trade activities to the relevant departments in accordance with the provisions of the foreign trade department of the State Council or other relevant State Council departments in accordance with the law.

Pursuant to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the Standing Committee of the National People's Congress on January 22, 1987 and amended on July 8, 2000, June 29, 2013, December 28, 2013, November 7, 2016, November 4, 2017 and April 29, 2021, unless otherwise stipulated, the declaration of import and export goods may be made by consignees and consignors themselves, and such formalities may also be completed by their entrusted customs brokers that have registered with the Customs. The consignees and consignors for import or export of goods and the customs brokers engaged in customs declaration shall file for record with the Customs in accordance with the laws.

Pursuant to the Administrative Provisions of the Customs of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on November 19, 2021 and taking effect from January 1, 2022, the consignees and consignors for imported or exported goods and the customs brokers engaged in customs declarations shall undergo recordation formalities at the relevant administration department of customs in accordance with the laws.

PARKING LOT FILING MANAGEMENT

According to the Key Points of Recent Work and the Division of Labor for Speeding up the Construction of Urban Parking Facilities (Fa Gai Ji Chu [2016] No. 159) (《加快城市停車場建設近期工作要點與任務分工》(發改基礎[2016]159號)) promulgated by NDRC on January 25, 2016, the people's governments should deepen the reform of the administrative approval system, simplify the procedures for investment construction and operation, improve efficiency, and complete the examination (or approval) of parking lot construction projects proposed by the project owners or investment subjects in accordance with the prescribed processing time and procedures. For small parking lots or those constructed by the use of own land, the filing system is encouraged. As of the Latest Practicable Date, a certain number of cities have introduced corresponding measures and/or filing systems.

PARKING SERVICE FEES

According to the Guidance on the Planning, Construction and Management of Urban Parking Facilities (Jian Cheng [2010] No. 74) (《關於城市停車設施規劃建設及管理的指導意見》(建城[2010]74號)) jointly promulgated by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) (the "MOHURD"), the Ministry of Public Security of the PRC (the "Ministry of Public Security") and the NDRC and came into effect on May 19, 2010, the government adopts for parking lot operators a licensed management system with market access and exit standards and the open, fair and equitable selection of urban parking lot operators.

According to the Circular of the National Development and Reform Commission on Relaxing Price Controls in Certain Services (《國家發展和改革委員會關於放開部分服務價格意見的通知》) which was promulgated on December 17, 2014 and became effective on the same day, price control on parking services in residence communities was canceled.

Pursuant to Guidance on Further Improving Charging Policies for Motor Vehicle Parking Service (《關於進一步完善機動車停放服務收費政策的指導意見》) which was jointly promulgated by NDRC, Ministry of Transport and MOHURD on December 15, 2015 and came into effect on the same day, the government insists on market-oriented mechanism, opens up the service charges of parking facilities with competitive conditions in accordance with the law, gradually reduces the scope of government pricing management, encourages the construction of parking facilities by social capital, and encourages all localities to implement different charging for parking services in different regions, different locations, different models, and different period in light of actual conditions.

REGULATIONS ON FIRE PREVENTION

Fire Protection Design Procedure

The Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) (the "Fire Prevention Law") was adopted on April 29, 1998, and amended on October 28, 2008, April 23, 2019, and April 29, 2021. According to the Fire Prevention Law and other relevant laws and regulations of the PRC, for special development projects stipulated by the housing and urban-rural development authority of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination. Where a special development project has not undergone fire safety design examination or the fire safety design does not pass examination, the developer and the builder shall not carry out construction. Upon completion of construction of a development project which is required to apply for fire safety inspection and acceptance as stipulated by the housing and urban-rural development authority of the State Council, the developer shall apply to the housing and urban-rural development authority for fire safety inspection and acceptance. Where a development project which is required by law to undergo fire safety inspection and acceptance does not undergo fire safety inspection and acceptance, or does not pass fire safety inspection and acceptance, the project shall not be put into use; the use of other development projects which do not pass inspection in spot checks carried out pursuant to the law shall be suspended.

According to the Interim Provisions on the Management of Fire Design Review and Acceptance of Construction Projects, adopted by Order No. 51 of the Ministry of Housing and Urban-Rural Development on April 1, 2020, and amended by Order No. 58 of the Ministry of Housing and Urban-Rural Development on August 21, 2023, The construction of public buildings with a single building area of more than 40,000 square meters is considered a special construction project.

REGULATIONS ON PRODUCT QUALITY

In accordance with the Product Quality Law of the PRC (《中華人民共和國產品質量法》) promulgated by Standing Committee of the National People's Congress on February 22, 1993, and most recently amended on December 29, 2018, the seller assumes responsibility for the repair, replacement, or return of the sold product under the following circumstances: (i) the product lacks the essential properties for its intended use without prior clear indication; (ii) the product does not meet the stated standards displayed on the product or its packaging; or (iii) the product does not match the quality as described in the product information or physical sample. In cases where a consumer incurs losses due to the purchased product, the seller is obligated to compensate for these losses. Under the Civil Code of the PRC (《中華人民共和國民法典》) (the "Civil Code"), promulgated by the National People's Congress of the PRC on May 28, 2020, and became effective on January 1, 2021, manufacturers and commercial sellers bear liability for physical injury or property loss resulting from product defects. The affected party has the right to seek compensation from either the manufacturer or the commercial seller. According to the Administrative Provisions on Compulsory Product Certification (《強制性產品認證管理規定》), promulgated under Decree No. 117 of the General Administration of Quality Supervision, Inspection and Quarantine on July 3, 2009 and revised under Decree No. 61 of the State Administration for Market Regulation on September 29, 2022, no products specified by the State may leave the factory, or be sold, imported or used in other business activities until they are certified and labeled with certification marks. Producers or sellers or importers of products included in the catalogue shall entrust a certification agency designated by the State Administration for Market Regulation to certify the products produced, sold or imported thereby.

REGULATIONS ON INTERNET INFORMATION SECURITY AND PRIVACY PROTECTION

Regulations relating to Privacy Protection

Pursuant to the Civil Code, personal information of a natural person shall be protected by the law. Any organization or individual that needs to obtain personal information of others shall obtain such information legally and ensure the safety of such information, and shall not illegally collect, use, process or transmit personal information of others, or illegally purchase or sell, provide, or make public personal information of others.

Further, the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which issued by the Standing Committee of the National People's Congress on August 29, 2015, and became effective on November 1, 2015, stipulates that any network service provider that fails to fulfill the obligations related to information network security management as required by applicable laws and administrative regulations and refuses to take corrective measures, will be subject to criminal liability for causing (i) any large-scale dissemination of illegal information; (ii) any severe effect due to the leakage of users' information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (a) sells or provides personal information to others unlawfully or (b) steals or illegally obtains any personal information will be subject to criminal liability in severe situations.

On August 20, 2021, the Standing Committee of the National People's Congress promulgated the Personal Information Protection Law of PRC (《中華人民共和國個人信息保護法》) (the "Personal Information Protection Law") and became effective on November 1, 2021. Pursuant to the Personal Information Protection Law, the processing of personal information includes the collection, storage, use, processing, transmission, provision, disclosure, deletion, etc. of personal information, and before processing personal information, personal information processors should truthfully, accurately and completely inform individuals of the following matters in a conspicuous manner and in clear and easy-to-understand language: (i) the name and contact information of the personal information processor; (ii) purpose of processing personal information, processing method, type of personal information processed, and retention period; (iii) methods and procedures for individuals to exercise their rights under the Personal Information Protection Law; and (iv) other matters that should be notified as required by laws and administrative regulations. Personal information processors should also take the following measures to ensure that personal information processing activities comply with laws and administrative regulations based on the processing purpose, processing methods, types of personal information, impact on personal rights and interests, and possible security risks, etc., and to prevent unauthorized access and personal information leakage, tampering, and loss: (i) formulating internal management systems and operating procedures; (ii) implementing classified management of personal information; (iii) adopting corresponding security technical measures such as encryption and de-identification; (iv) reasonably determining the operating authority for personal information processing, and regularly conduct safety education and training for practitioners; (v) formulating and organizing the implementation of emergency plans for personal information security incidents; and (vi) other measures stipulated by laws and administrative regulations.

Where personal information is processed in violation of the provisions of the Personal Information Protection Law, or the processing of personal information fails to fulfill the personal information protection obligations hereunder, the department performing personal information protection duties shall order corrections, give warnings, confiscate illegal gains, and order to suspend or terminate the provision of services by the applications that illegally process personal information; if the personal information processor refuses to make corrections, a fine of not more than RMB1 million shall be imposed; the directly responsible person in charge and other directly responsible personnel shall be fined not less than RMB10,000 but not more than RMB100,000. For any aforesaid illegal act with serious circumstances, the department performing personal information protection duties at or above the provincial level shall order the personal information processor to make corrections, confiscate the illegal gains, and impose a fine of less than RMB50 million or less than 5% of the previous year's turnover. It can also order the suspension of relevant business or suspend business for rectification, notify the relevant competent authority to revoke the relevant permits or the business license; impose a fine of RMB100,000 up to RMB1 million on the directly responsible person in charge and other directly responsible personnel, and may decide to prohibit them from serving as a director, supervisor, senior manager and person in charge of personal information protection of related companies within a certain period of time.

Regulations relating to Internet Information Security

The PRC government authorities have enacted laws and regulations on internet use to protect personal information from any unauthorized disclosure. The Decisions on Protection of Internet Security enacted by the Standing Committee of the National People's Congress (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituted a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into a strategically significant computer or system; (ii) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet.

On July 1, 2015, the Standing Committee of the National People's Congress issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the state shall safeguard the sovereignty, security and cybersecurity development interests of the state, and that the state shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the Standing Committee of the National People's Congress promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "Cybersecurity Law") and become effective as of June 1, 2017, which applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties.

On June 10, 2021, the Standing Committee of the National People's Congress promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the "Data Security Law") which became effective on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility.

On July 6, 2021, the General Office of the Central Committee of the Communist Party of China, and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). The opinions emphasized the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies and improve the legislation on data security, cross-border data transmission and confidential information management.

On September 24, 2024, the State Council announced the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "Cyber Data Security Regulations"), which became effective on January 1, 2025. It regulates that Cyber data processors who carry out Cyber data processing activities that affect or may affect national security shall undergo national security review in accordance with relevant state regulations. In addition, the Cyber Data Security Regulations also regulate other specific requirements in respect of the data processing activities conducted by Cyber data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of network platform service providers.

On December 28, 2021, the Cyberspace Administration of the PRC (中華人民共和國國家互聯網信息辦公室) (the "CAC") and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "Cybersecurity Review Measures") which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) critical information infrastructure operators that the purchase of cyber products and services or network platform operators that engage in data processing activities that affects or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) network platform operators with personal information data of more than one million users that seek for listing in a foreign country are obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》), which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or providing personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall apply for cross-border data transfer security assessment.

On 31 December 2021, the CAC, the MIIT, the Ministry of Public Security, the Ministry of State Security jointly promulgated the Administrative Provisions on Internet Information Service Algorithm Recommendation (《互聯網信息服務算法推薦管理規定》), which came into effect on 1 March 2022. The Administrative Provisions on Internet Information Service Algorithm-Based Recommendation implements classification and hierarchical management for algorithm recommendation service providers based on varies criteria. Moreover, it requires algorithmic recommendation service providers to provide users with options that are not specific to their personal characteristics, or provide users with convenient options to cancel algorithmic recommendation services. If the users choose to cancel the algorithm recommendation service, the algorithm recommendation service provider must immediately stop providing relevant services. Algorithmic recommendation service providers must also provide users with the function to select or delete user labels that are based on personal characteristics and used for algorithmic recommendation services.

On July 27, 2021, the Supreme People's Court of China issued the Provisions on Several Issues concerning the Application of Law in the Trial of Civil Cases Involving the Use of Face Recognition Technologies to Process Personal Information (《關於審理使用人臉識別技術處理個人信息相關民事案件適用法律若干問題的規定》) (the "Face Recognition Provisions"). The Face Recognition Provisions apply to civil disputes arising from the use of face recognition technology to deal with facial information between equal civil subjects. The Face Recognition Provisions clarify the nature and responsibilities of the abuse of utilizing face recognition technologies to process facial information. To process the facial information of a natural person, the individual consent of such natural person or his/her guardian must be obtained. Any violation of individual consent, or forcing or de facto forcing of a natural person to consent to the processing of facial information constitutes an infringement of the personal rights and interests of natural persons. The Face Recognition Provisions further stipulate that a natural person has the right to confirm the invalidity of certain boilerplate terms of a contract with the information processor if the information processor enters into a contract with a natural person using boilerplate terms that would require such natural person to grant the processer an indefinite right to process his/her human facial information, or that such terms are irrevocable or would permit the information processor to assign the right to process such facial information. If the natural person requests confirmation that the boilerplate terms are invalid, the Face Recognition Provisions provide that the people's court shall support the claim pursuant to the law.

On September 7, 2023, Ministry of Science and Technology of the PRC ("MST") together with other relevant departments, jointly promulgated the Measures for Ethical Review of Science and Technology (for Trial Implementation) (《科技倫理審查辦法(試行)》) (the "Ethical Review Measures"), which came into effect on December 1, 2023, according to which, any universities, scientific research institutions, medical and health institutions, and enterprises engaged in "ethically sensitive" science and technology activities in certain areas, including AI, must establish a science and technology ethical review committee. The Appendix of the Ethical Review Measures set out a special list of science and technology activities that shall be subject to (i) the preliminary review by the ethical review committee; and (ii) the additional expert review by the local or relevant industry-competent department. Science and technology activities that fall under such special list include, among other things, the R&D of algorithm models, applications and systems with public sentiment attributes or social mobilizing capability, and R&D of automated decision-making systems with a high degree of autonomy for scenarios with safety or personal health risks. In addition, the obligor is required to complete certain registration requirements, such as to register (i) its ethical review committee within 30 days after establishment; and (ii) its science and technology activities that require additional expert review within 30 days after clearance of ethical review, in each case on the National Science and Technology Ethics Management Information Registration Platform established by MST. The registration should be updated in time when the relevant contents change.

REGULATION ON NON-COMMERCIAL INTERNET INFORMATION SERVICES

According to the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》), promulgated on September 25, 2000, and last revised in 2024. The state implements a filing system for non-commercial Internet information services. Those who fail to perform filing procedures shall not engage in Internet information services. Those who violate the provisions of these Measures, fail to perform filing procedures, engage in non-commercial Internet information services without authorization, or provide services beyond the registered projects shall be ordered by the telecommunications management agencies of provinces, autonomous regions, and municipalities directly under the Central Government to correct the violations within a time limit; if they refuse to correct the violations, they shall be ordered to close the website.

On July 21, 2023, the MIIT issued the Notice on Carrying out the Filing of Mobile Internet Applications (《關於開展移動互聯網應用程序備案工作的通知》), requiring APP operators engaged in Internet information services within the territory of the PRC to complete filing formalities in accordance with the Anti-Telecommunications Network Fraud Law of the PRC (《中華人民共和國反電信網絡詐騙法》) and the Measures for the Administration of Internet Information Services (《互聯網信息服務管理辦法》). App operators shall complete filing formalities with the provincial-level communications administration bureau where they are domiciled, and their network access service providers and app distribution platforms (including the distribution platforms of mini programs, quick applications and others) shall submit such applications online for inspection and review through the National Internet Basic Resources Management System.

REGULATIONS ON GOVERNMENT PROCUREMENT

The Government Procurement Law of the PRC (《中華人民共和國政府採購法》) (the "Government Procurement Law"), which was last amended on August 31, 2014, provides that public invitation for bids shall be taken as the main method of government procurement. Government procurement refers to the procurement of goods, projects and services within the centralized procurement catalog formulated in accordance with the law by state organs at all levels, public institutions and social organizations with fiscal funds or above the prescribed procurement threshold. The method of bidding, which is employed in government procurements, shall be subject to the bidding law. Furthermore, the parties involved in government procurement shall not collude with each other to damage the interests of the State or the public. Pursuant to the Bidding Law of the PRC (2017 Amendment) (《中華人民共和國招標投標法(2017修正)》) (the

"Bidding Law"), which was promulgated on December 27, 2017 and effective on December 28, 2017, bidding shall be carried out for the following construction projects, including the survey, design, construction, supervision of the project, and the procurement of the important equipment, materials relevant to the construction of the project: (1) large projects of infrastructure facility or public utility that have a bearing on the social public interest and the safety of the general public; (2) projects entirely or partially using state-owned funds or loans by the state; (3) projects using loans of international organizations and foreign governments and aid funds. For a project concerned with national security, state secrets, emergency handling, disaster relief, or belonging to special occasions such as the use of poverty alleviation funds or the use of the labor of farmers and is not suitable for bidding, the method of bidding shall not be applied. As pertains to projects legally requiring bidding, no entity or individual evade bidding by any means including the dismembering of projects.

LAWS AND REGULATIONS RELATING TO MEASURING INSTRUMENTS

According to the Metrology Law of the People's Republic of China (《中華人民共和國計量法》), adopted at the 12th Session of the Standing Committee of the National People's Congress on September 6, 1985; and latest amended at the 6th Session of the Standing Committee of the National People's Congress on October 26, 2018, those measuring instruments which have not been submitted for verification as required or those which are found to be unqualified upon verification shall not be used. Whoever uses measuring instruments subject to compulsory verification without having filed an application for verification as required or continues to use measuring instruments which have been verified and found to be unqualified shall be ordered t o stop the use and may concurrently be punished by a fine.

According to the Implementing Rules of the Metrology Law of the People's Republic of China (《中華人民共和國計量法實施細則》), approved by the State Council on January 19, 1987, and revised for the fourth time on March 29, 2022, if the measuring instruments within the scope of mandatory verification are not applied for verification in accordance with the regulations, and the measuring instruments within the scope of non-mandatory verification are not self-calibrated regularly or sent to other metrology verification institutions for regular verification, and if they continue to be used after failing the verification, they shall be ordered to stop using them and may be fined up to RMB1,000.

According to the Announcement of the State Administration for Market Regulation on Adjusting the Catalogue of Measuring Instruments Subject to Mandatory Management (《市場監管總局關於調整實施強制管理的計量器具目錄的公告》), which was latest revised and implemented on October 26, 2020, the mandatory verification of electric vehicle charging piles will be postponed to January 1, 2023.

LAWS AND REGULATIONS RELATING TO CONSTRUCTION PERMITS AND LICENSING

Pursuant to the provisions of the Construction Law of the People's Republic of China (《中華人民共和國建築法》), promulgated on 1 March 1998, amended on 22 April 2011 and 23 April 2019 respectively, and the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》), prior to the commencement of a construction project, the construction unit shall apply to the construction administrative department of the people's government at or above the county level for a construction permit. No construction shall commence without obtaining a construction permit.

Construction enterprises shall obtain the corresponding qualification certificates and carry out construction activities within the scope permitted by the qualification certificates. Qualification certificates are divided into three categories: general contracting for construction, specialized contracting, and labor subcontracting for construction, each of which is further divided into different levels. Construction enterprises shall carry out construction activities in accordance with their qualification levels and shall not undertake projects beyond their qualification levels.

In case of violation, the construction administrative department may order to stop construction, impose a fine, revoke qualification certificates, and other administrative penalties. If a crime is constituted, criminal liability shall be investigated in accordance with the law.

REGULATIONS ON LEASING

According to the Civil Code, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected. Moreover, pursuant to the Civil Code, if the mortgaged property has been leased and transferred for occupation prior to the establishment of the mortgage right, the original tenancy shall not be affected by such mortgage right.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

According to the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (2020 version) (《最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋(2020修正)》), which took effect on January 1, 2021, if the ownership of the leased premises changes during lessee's possession in accordance with the terms of the lease contract, and the leasee requests the assignee to continue to perform the original lease contract, the PRC court shall support it, except that the mortgage right has been established before the lease of the leased premises and the ownership changes due to the mortgagee's realization of the mortgage right.

On July 14, 2023, the National Fire and Rescue Administration promulgated Administrative Measures for the Administration of Fire Safety in Leased Factory Buildings and Warehouses (for Trial Implementation) (《租賃廠房和倉庫消防安全管理辦法(試行)》), which clarifies the respective fire safety management responsibilities of the lessor and lessee of the leased plant warehouse, and allows the lessor and lessee to stipulate their respective fire safety management responsibilities through the contract. According to the Administrative Measures for the Administration of Fire Safety in Leased Factory Buildings and Warehouses (for Trial Implementation), the lessor and lessee of a leased factory building or warehouse shall clarify the fire safety responsibilities of all parties concerned in writing, and if they fail to clarify such responsibilities in writing, the lessor shall be responsible for unified management of the common evacuation passages, safety exits, building fire control facilities and fire control engine passages, and the lessee shall be responsible for fire safety of the leased factory building or warehouse.

REGULATIONS ON ENVIRONMENTAL PROTECTION

Environmental Protection Law

The Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), or the Environmental Protection Law, was promulgated and effective on December 26, 1989, and most recently revised on April 24, 2014. The Environmental Protection Law has been formulated for the purpose of protecting and improving both the living and the ecological environment, preventing and controlling pollution and other public hazards and safeguarding people's health. According to the provisions of the Environmental Protection Law, in addition to other applicable laws and regulations of the PRC, the Ministry of Environmental Protection and its local counterparts are responsible for administering and supervising environmental protection matters. Pursuant to the Environmental Protection Law, construction projects that have environmental impact shall be subject to an environmental impact assessment. Installations for the prevention and control of pollution in construction projects must be designed, built and commissioned together with the principal construction plan of the project. Such installations shall not be dismantled or left idle without authorization from the competent government agencies.

Consequences of violations of the Environmental Protection Law include warnings, fines, rectification within a time limit, forced shutdown, or criminal punishment on Environment Impact Assessment

Laws on Environment Impact Assessment

Pursuant to the Law of the People's Republic of China on Environment Impact Assessment (《中華人民共和國環境影響評價法》) issued on October 28, 2002 and most recently amended on December 29, 2018, the State Council implemented an environmental impact assessment, or EIA, to classify construction projects according to the impact of the construction projects on the environment. Constructing entities shall prepare an environmental impact report, or an EIR, or an environmental impact statement, or an EIS, or fill out the EIR Form according to the following rules: (i) for projects with potentially serious environmental impacts, an EIR shall be prepared to provide a comprehensive assessment of their environmental impacts; (ii) for projects with potentially mild environmental impacts, an EIS shall be prepared to provide an analysis or specialized assessment of the environmental impacts; and (iii) for projects with very small environmental impacts, an EIS is not required but an EIR form shall be completed.

On November 30, 2020, the Ministry of Ecology and Environment of the PRC promulgated the Classified Administration Catalog of Environmental Impact Assessments for Construction Projects (2021 version) (《建設項目環境影響評價分類管理名錄(2021年版)》), or Classified Administration Catalog (2021 version), which became effective on January 1, 2021. According to Classified Administration Catalog (2021 version), food and beverage services are not included in the management of EIA of construction projects.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) promulgated by the Standing Committee of the National People's Congress on June 29, 2002, revised on June 10, 2021 and effective on September 1, 2021, production and business operation entities must formulate safety production objectives and measures, improve the working environment and conditions of workers in a planned and step-by-step manner, establish a safety production guarantee system and implement a safety production post responsibility system. In addition, production and business operation entities must arrange safety production training and provide employees with personal protective equipment that meets national or industry standards. In addition, the production and business operation entities shall report the major hazard sources and related safety measures and emergency measures to the emergency management department and other relevant departments for the record, and formulate a safety risk rating control system and take corresponding control measures.

REGULATIONS ON INTELLECTUAL PROPERTY

Trademark

According to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by Standing Committee of the National People's Congress on August 23, 1982, most recently amended on April 23, 2019 and effective from November 1, 2019, and the Implementation Regulation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, later amended on April 29, 2014 and effective from May 1, 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements must be filed with the Trademark Office for record, and the Trademark Law of the PRC has adopted a "first-to-file" principle with respect to trademark registration. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, and the infringing party will be ordered to stop the infringement act immediately and may be imposed a fine. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the Standing Committee of the National People's Congress, which was latest amended in November 2020, and its related Implementing Regulations, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal rights and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

Pursuant to the Regulation on Computers Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991 and latest amended on January 30, 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on February 20, 2002 and latest amended on July 1, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations.

Patent

In accordance with the Patent Law of the PRC (《中華人民共和國專利法》), promulgated by the Standing Committee of the National People's Congress, which was latest amended in October 2020 and became effective on June 1, 2021, and its Implementation Rule, patent is divided in to three categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right, design patent right and utility model patent right shall be 20 years, 15 years and ten years, respectively, which all calculated from the date of application. Implementation of a patent without the authorization of the patent holder shall constitute an infringement of patent rights, and shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

REGULATIONS ON EMPLOYMENT AND SOCIAL WELFARE

Employment

The major PRC laws and regulations that govern employment relationship are the PRC Labor Law (《中華人民共和國勞動法》), the PRC Labor Contract Law (《中華人民共和國勞動合同法》) (the "Labor Contract Law") and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as "dispatched workers". Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "Social Insurance Law") issued by the Standing Committee of the National People's Congress in 2010 and latest amended on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and most recently amended on March 24, 2019 and effective from the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for or on behalf of its employees. Any employer that fails to make social insurance contributions may be ordered to rectify the non-compliance and pay the required contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to rectify the failure to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

In accordance with the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, enterprises must register at the designated administrative centers and open bank accounts for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing fund management center. Where employers fail to make payment within such period, enforcement by the people's court will be applied.

In case of failure to register and open accounts for depositing employees' housing provident funds, the housing fund management center shall order employers to go through the formalities within a specified period, where employers fail to do such formalities within the prescribed time, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed.

REGULATIONS ON FOREIGN EXCHANGE

Regulations relating to Foreign Currency Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), most recently amended in August 2008. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. By contrast, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

The SAFE issued the Circular on Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular 19") on March 30, 2015, and it became effective on June 1, 2015, which was partially repealed on December 30, 2019, and latest amended on March 23, 2023. The SAFE Circular 19 expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. In June 2016, SAFE further promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Circular 16"), which was amended on December 4, 2023, among other things, amends certain provisions of SAFE Circular 19. Pursuant to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope.

In October 2019, SAFE issued the Circular of Further Facilitating Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was amended on December 4, 2023, or SAFE Circular 28, which cancels the restrictions on domestic equity investments by capital fund of non-investment foreign invested enterprises and allows non-investment foreign invested enterprises to use their capital funds to lawfully make equity investments in China, provided that such investments do not violate the Negative List and the target investment projects are genuine and in compliance with laws. According to the Circular on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》), or SAFE Circular 8, issued by SAFE in April 2020, under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income under the capital account, eligible enterprises are allowed to make domestic payments by using their capital funds, foreign credits and the income under capital accounts of overseas listing, without prior provision of the evidentiary materials concerning authenticity to the bank for each transaction. The handling banks shall conduct spot checks afterwards in accordance with the relevant requirements. The interpretation and implementation in practice of SAFE Circular 28 and SAFE Circular 8 are still subject to changes accordingly, and we cannot assure that we will be able to comply with the latest requirements in a timely manner.

Regulations relating to Stock Incentive Plans

Pursuant to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "SAFE Circular 7"), promulgated by SAFE in February 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency. Moreover, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests.

The income of foreign exchange PRC residents by selling out the shares according to the equity incentive plan and the dividend distributed by the overseas-listed company shall be distributed to the PRC residents after being remitted to the bank account in China opened by the domestic institutions.

REGULATIONS ON TAX

PRC Enterprise Income Tax

Under the EIT Law (《中華人民共和國企業所得稅法》), which was first promulgated on March 16, 2007 and amended on February 24, 2017 and December 29, 2018, and its implementing rules, enterprises are classified as resident enterprises and non-resident enterprises. PRC resident enterprises typically pay an enterprise income tax at the rate of 25% while non-PRC resident enterprises without any branches in the PRC should pay an enterprise income tax in connection with their income from the PRC at the tax rate of 10%. An enterprise established outside of the PRC with its "de facto management bodies" located within the PRC is considered a "resident enterprise," meaning that it can be treated in a manner similar to a PRC domestic enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define a de facto management body as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise.

The EIT Law and the implementation rules provide that an income tax rate of 10% will normally be applicable to dividends payable to investors that are "non-resident enterprises," and gains derived by such investors, which (a) do not have an establishment or place of business in the PRC or (b) have an establishment or place of business in the PRC, but the relevant income is not effectively connected with the establishment or place of business to the extent such dividends and gains are derived from sources within the PRC. Such income tax on the dividends may be reduced pursuant to a tax treaty between China and other jurisdictions.

Pursuant to the EIT Law, the expenses of an enterprise for the research and development of new technologies, new products and new process may be additionally calculated and deducted when calculating the taxable amount of incomes. The implementation rules of the EIT Law specifies that, the term "additional deduction of research and development expenses" means that, where the research and development expenses that are actually incurred for the purpose to develop new technologies, new products and new crafts and do not constitute intangible assets are recorded into the current profit or loss, such expenses shall be deducted from the taxable income for the current year at 50% of the actual amount incurred in the current year and on an actual basis as required; if intangible assets are constituted, such expenses shall be amortized at 150% of the costs of the intangible assets before tax.

Pursuant to the Notice on Increasing the Ratio of the Additional Deduction of Research and Development Expenses (《關於提高研究開發費用稅前加計扣除比例的通知》), which was promulgated by the Ministry of Finance of the PRC, the State Taxation Administration and the Ministry of Science and Technology of the PRC on September 20, 2018 and became effective on the same day, with respect to the research and development expenses that are actually incurred in the research and development activities of the enterprise, an extra 75% of the actual amount of expenses is deductible before tax, in addition to other actual deductions, during the period from January 1, 2018 till December 31, 2020, provided that the said expenses are not converted into the intangible asset and balanced into the enterprise's current gains and losses; however, if the said expenses have been converted into the intangible asset, such expenses may be amortized at a rate of 175% of the intangible asset's costs before tax during the above-said period.

According to the EIT Law, certain high-tech enterprises are entitled to a reduced EIT rate of 15%. The Administrative Measures for Certification of High and New Technology Enterprises (《高新技術企業認定管理辦法》) which was amended on January 29, 2016 and became effective on January 1, 2016, provides that, an enterprise legally certificated as a High and New Technology Enterprise is entitled to apply for preferential income tax policies according to EIT law and relevant regulations. A qualified enterprise will be issued the High and New Technology Enterprise Certificate (高新技術企業證書) and the qualification of a certificated enterprise shall be valid for a term of three years from the issuance date of the certificate.

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "Double Tax Avoidance Arrangement") and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5% upon receiving approval from in charge tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009 by the State Taxation Administration, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. On February 3, 2018, the State Taxation Administration issued the Announcement on Certain Issues Concerning the Beneficial Owners in a Tax Agreement (《關於稅收協定中"受益所有人"有關問題的公告》) (the "Circular 9"), effective as of April 1, 2018, which provides guidance for determining whether a resident of a contracting state is the "beneficial owner" of an item of income under China's treaties and similar arrangements. According to Circular 9, a beneficial owner generally must be engaged in substantive business activities and an agent will not be regarded as a beneficial owner and, therefore, will not qualify for these benefits.

Value–added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Notice of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Dividends Distribution

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the PRC Company Law, promulgated in 1993 and latest amended in 2023, and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

According to the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) which was promulgated by the National People's Congress on April 9, 1991 and most recently amended on September 1, 2023 and became effective on January 1, 2024, the limitation period for an action to recover a debt (including the recovery of declared dividends) is three years. The company must not exercise its powers to forfeit any unclaimed dividend in respect of shares until after the expiry of the applicable limitation period.

Pursuant to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》), which was most recently amended on August 31, 2018, and the Implementation Provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法實施條例》), which was most recently amended on December 18, 2018, dividends distributed by PRC enterprises are subject to individual income tax levied at a flat rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Pursuant to the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of PRC (《中華人民共和國企業所得稅法實施條例》), since January 1, 2008, an enterprise income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC, unless any such non-PRC resident investors' jurisdiction of incorporation has a tax treaty with China that provides for a preferential withholding arrangement.

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese EIT imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the EIT in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

REGULATIONS ON SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The PRC Securities Law (《中華人民共和國證券法》), which was promulgated by the Standing Committee of the National People's Congress on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The PRC Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and **[REDACTED]** of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Overseas Listing Trial Measures. Under Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

The Overseas Listing Trial Measures provides that no overseas offering and listing shall be made under any of the following circumstances: (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholders and the actual controller, have committed crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is suspected of committing crimes or major violations of laws and regulations, and is under investigation according to law and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. Additionally, the Overseas Listing Trial Measures stipulates that after an issuer has offering and listing securities in an overseas market, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) a change of control thereof, (ii) investigations of or sanctions imposed on the issuer by overseas securities regulators or relevant competent authorities, (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall be made in strict compliance with relevant laws, administrative regulations and rules concerning national security in spheres of foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "Provision on Confidentiality"). Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

Regulations on Full Circulation of H shares

The Company shall comply with regulations on the H share "full circulation" to converse its domestic shares into H shares and circulate on the Hong Kong Stock Exchange. Pursuant to the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (2023 Amendment) (《H股公司境內未上市股份申請"全流通"業務指引(2023修正)》), or the Guidelines for the "Full Circulation", promulgated and implemented by the CSRC on November 14, 2019 and revised on August 10, 2023, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

According to the Notes on the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《關於〈境內企業境外發行證券和上市管理試行辦法〉的說明》), the New Regulations Filing aims to strengthening institutional inclusiveness and deepening opening-up, and lays out "Full Circulation" arrangements. For the overseas offering and listing by a domestic company, holders of its domestically-based domestic unlisted shares are allowed after filing to convert the shares into overseas listed shares to be circulated on overseas trading venues.

According to the Overseas Listing Trial Measures, "Full Circulation" represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into foreign listed shares circulating in overseas markets. The shareholders of domestic unlisted shares shall authorize the domestic company to file the "Full Circulation" application with CSRC by filing materials on key compliance issues, including whether the "Full Circulation" has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the "Full circulation" involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

SANCTIONS LAWS AND REGULATIONS

Hogan Lovells, our International Sanctions Legal Advisors, have provided the following summary of the sanctions regimes imposed by their respective jurisdictions. This summary does not intend to set out the laws and regulations relating to the U.S., the European Union, the United Kingdom, the United Nations and Australian sanctions in their entirety.

U.S.

Treasury regulations

OFAC is the primary agency responsible for administering U.S. sanctions programmes against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies.

Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest — no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements) — except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programmes currently apply to Cuba, Iran, North Korea, Syria, the Crimea region of Russia/Ukraine, and and the self-proclaimed Luhansk People's Republic (LPR) and Donetsk People's Republic (DPR) regions (the comprehensive OFAC sanctions programme against Sudan was terminated on October 12, 2017). OFAC also prohibits virtually all business dealings with persons and entities identified in the SDN List. Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

United Nations

The United Nations Security Council (the "UNSC") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

The UNSC sanctions have taken a number of different forms, in pursuit of a variety of goals. The measures have ranged from comprehensive economic and trade sanctions to more targeted measures such as arms embargoes, travel bans, and financial or commodity restrictions. The UNSC has applied sanctions to support peaceful transitions, deter non-constitutional changes, constrain terrorism, protect human rights and promote non-proliferation.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

United Nations sanctions are imposed by the UNSC, usually acting under Chapter VII of the United Nations Charter. Decisions of the UNSC bind members of the United Nations and override other obligations of United Nations member states.

European Union

Under European Union sanction measures, there is no "blanket" ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons.

United Kingdom and United Kingdom overseas territories

As of January 1, 2021, the United Kingdom is no longer an European Union member state. European Union law including European Union sanctions measures continued to apply to and in the United Kingdom until December 31, 2020. European Union sanctions measures had also been extended by the United Kingdom on a regime by regime basis to apply in the United Kingdom overseas territories, including the Cayman Islands. Starting from January 1, 2021, the United Kingdom applies its own sanctions programs and has extended its autonomous sanctions regimes to apply to and in the United Kingdom overseas territories.

Australia

The Australian restrictions and prohibitions arising from the sanctions laws apply broadly to any person in Australia, any Australian anywhere in the world, companies incorporated overseas that are owned or controlled by Australians or persons in Australia, and/or any person using an Australian flag vessel or aircraft to transport goods or transact services subject to United Nations sanctions.

OUR HISTORY AND DEVELOPMENT

Overview

We are a leader and pioneer in China's smart parking space operation industry. Leveraging AI and data-driven technology, we are deeply engaged in driving the digital and intelligent transformation of urban parking. Our history can be traced back to June 2006, when our Company was founded as a limited liability company in the PRC by Mr. Sun, Mr. Huang and Mr. Ke Xing (柯興). Mr. Sun and Mr. Huang are our founders. Mr. Sun is a widely recognized technical expert, a distinguished entrepreneur and a business leader with a proven track record and strong industry recognition. Mr. Huang is a distinguished entrepreneur with extensive investment experience. Under their leadership and management over almost two decades, we achieved stable development. We are among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry, and we also rank No. 2 in terms of revenue in 2024 in China's smart parking space operation industry, according to the CIC Report. Mr. Ke Xing is a founding Shareholder who had exited at an early time of our development.

As of the Latest Practicable Date, Mr. Sun and Mr. Huang, who have entered into the joint control arrangements, were entitled to collectively control 53.65% of the voting power at the general meetings of our Company, comprising (1) 26.37% beneficially owned by Mr. Sun directly, (2) 23.94% beneficially owned by Mr. Huang directly, and (3) 3.34% beneficially owned by Hualong Electronics, which is owned by Mr. Huang and Mr. Sun as to 51.00% and 49.00%, respectively and controlled by them. Upon the **[REDACTED]**, Mr. Sun and Mr. Huang will collectively control **[REDACTED]**% of the voting power at the general meetings of our Company, comprising (1) **[REDACTED]**% beneficially owned by Mr. Sun directly, (2) **[REDACTED]**% beneficially owned by Mr. Huang directly, and (3) **[REDACTED]**% beneficially owned by Hualong Electronics, assuming the **[REDACTED]** is not exercised. Therefore, Mr. Sun, Mr. Huang and Hualong Electronics constituted as of the Latest Practicable Date and will continue to constitute upon the **[REDACTED]** a group of Controlling Shareholders. See "— Joint Control Arrangements" for details of the joint control arrangements between Mr. Sun and Mr. Huang, "Relationship with Our Controlling Shareholders" for details of the controlling interest held by them, and "Directors and Senior Management — Board of Directors" for their biographical details.

Business Milestones

The following table illustrates our major business milestones:

Year	Major events and milestones
2006	Our Company was incorporated in June.
	We introduced parking space availability LED indicators (車位指示燈) into our parking space guidance system (車位引導系統).
2007	Our domestically invented parking space guidance system was introduced into the Northpoint City in Singapore.
2010	We innovatively developed a vehicle search system that combined parking space guidance function and video-based vehicle search function.
2012	Marking the commencement of the "ticketless" era, we promoted a video-based ticketless parking fee management system for parking facilities.
2014	We launched the mobile smart parking platform "*Speed Parking (速停車)*".
	Our smart parking facility empowered with WeChat Pay was successfully launched in Xiamen, China.
2017	We innovated our business model to offer cloud-based remote management of unattended parking facilities.
2018	We received investment from Tencent.
2020	We were among the first in China's smart parking space operation industry to promote the cloud migration of parking metering core system.
2023	Keytop West Communications Technology Co., Ltd., our headquarter in Southwest China, was established.
	We launched our *YongCe Pro*, the first intelligent digitalization parking operation system in China's smart parking space operation industry, to drive the industry transformation through AI.
	We were the first in the industry to introduce a global parking AI training center, allowing for a tailor-made AI model for each different parking facility.

Year	Major events and milestones
2024	We comprehensively devoted our efforts into the digitalization of parking management and continuously promoted rapid system iteration, to improve our parking facility management and increase the revenue from parking facility management.

OUR PRINCIPAL SUBSIDIARIES

The following entities were our subsidiaries which made a material contribution to our results of operation during the Track Record Period:

Name	Place of Incorporation	Date of Incorporation and Commencement of Business	Principal Business Activities	Percentage of equity interest held by our Company as of the Latest Practicable Date
Xiamen Keytop Software Research and Development Center Co., Ltd. (廈門科拓軟件研發中心有限公司) ("Keytop R&D Center")	China	September 2, 2016	Software research and development	100%
Fujian Subo Parking Services Co., Ltd. (福建速泊停車服務有限公司) ("Fuijan Subo")	China	December 17, 2018	Parking services	100%
Keytop West Communications Technology Co., Ltd. (科拓西部通訊技術有限公司) ("Keytop West"). . .	China	July 29, 2022	IoT technology services	100%

MATERIAL ACQUISITION AND DISPOSAL

Throughout the Track Record Period and up to the Latest Practicable Date, we did not have any material acquisition or disposal.

CORPORATE DEVELOPMENT OF OUR COMPANY

Incorporation and Our Early Developments

Our Company was incorporated as a limited liability company in the PRC on June 27, 2006 with Mr. Sun and Mr. Ke Xing as the founding Shareholders and a registered capital of RMB500,000. Upon incorporation, our Company was owned by Mr. Sun and Mr. Ke Xing as to 30.00% and 70.00%, respectively. Mr. Huang was Mr. Ke Xing's friend and business partner who had managed their investment portfolio together at the early time of their careers. Mr. Huang was invited by Mr. Ke Xing to participate in the founding of our Company and served as our Company's sole supervisor subsequent to our Company's incorporation.

In early 2009, with a view to being more focused on his other businesses, Mr. Ke Xing decided to rearrange his investment portfolio and disposed of his equity interest in our Company. Meanwhile, Mr. Huang, in the course of his participation in our Company's management, became confident in our long-term development prospects. In January 2009, Mr. Ke Xing entered into equity transfer agreements with each of Mr. Huang and Mr. Sun, pursuant to which, Mr. Huang and Mr. Sun acquired 51.00% and 19.00% of the equity interest held by Mr. Ke Xing in our Company at a consideration of RMB255,000 and RMB95,000, respectively, being the par value of the relevant registered capital of our Company. The consideration was determined on an arm's length basis, taking into consideration Mr. Ke Xing's role as a passive financial investor and that our Company was at the start-up stage of our development. Subsequent to the completion of the equity transfers in January 2009, Mr. Ke Xing ceased to be our Shareholder.

Our Company has received additional share capital contributed by our Controlling Shareholders since 2009 and several rounds of **[REDACTED]** investments from reputable institutions and experienced investors since 2011. See "— **[REDACTED]** Investments" for details of our **[REDACTED]** investments.

Mr. Huang's Family Entrustment Arrangement and Termination

On May 8, 2009, Mr. Huang entered into an equity transfer agreement with Mr. Zhang Huarong (張華容), the brother of Ms. Zhang Dongmei (張東梅) ("Ms. Zhang"), Mr. Huang's spouse, pursuant to which Mr. Huang transferred to Mr. Zhang Huarong, as the nominee holding the equity interest on behalf of Mr. Huang and Ms. Zhang, 51.00% of the equity interest in our Company at par value. Among such equity interest, 12.172% and 38.828% of the equity interest in our Company was held on behalf of Mr. Huang and Ms. Zhang, respectively (the "Family Entrustment Arrangement"). The Family Entrustment Arrangement was entered into as part of the family arrangement between Mr. Huang and Ms. Zhang for marital estate planning purpose, and as Mr. Huang and Ms. Zhang, who have overseas business with Mr. Huang having foreign permanent residency, wished to have a domestic nominee to handle local corporate secretarial duties such as document execution and corporate registration filing with the administration for market regulation in his capacity as the registered holder of our Company. After a series of equity transfers, in September 2015, the Family Entrustment Arrangement was ultimately terminated and Mr. Huang and Ms. Zhang had been holding their respective equity interest in our Company directly or through Hualong Electronics (as the case may be), up until Ms. Zhang transferred all of her equity interest in our Company to Mr. Huang in December 2024 at par value under the family arrangement. As advised by our PRC Legal Advisors, the Family Entrustment Arrangement and its termination did not violate mandatory provisions of PRC laws.

Joint Stock Reform

On August 6, 2011, our then Shareholders, being our promoters, passed resolutions approving, among others, the conversion of our Company into a joint stock company with limited liability in the PRC. In accordance with an audit report of our Company issued by an independent accountant, as of June 30, 2011, the audited net asset value of our Company was RMB11,576,220.06, among which, RMB11.0 million was converted into 11,000,000 Shares with a nominal value of RMB1.00 each and the remaining RMB576,220.06 was converted into capital reserve. Our Shares upon conversion were subscribed for by our then Shareholders in proportion to their respective equity interest in our Company immediately before the conversion. The joint stock reform was completed on August 28, 2011. The shareholding structure of our Company upon completion of the joint stock reform was as follows:

Shareholders	Number of Shares held by such Shareholder	Shareholding percentage
Controlling Shareholders and Nominee		
Mr. Sun	4,411,000	40.10%
Mr. Huang	1,100,000	10.00%
Mr. Zhang Huarong(1)	3,509,000	31.90%
[REDACTED] ***Investors***		
Shanghai Dehui Investment Management Co., Ltd. (上海德輝投資管理有限公司) ("Shanghai Dehui")(2)	1,222,100	11.11%
Mr. Tan Kun (談坤)(2)	464,200	4.22%
Mr. Li Jun (李軍)(2)	293,700	2.67%
Total	**11,000,000**	**100%**

Notes:

(1) Mr. Zhang Huarong, held the Shares on behalf of Mr. Huang and his spouse, Ms. Zhang, under the Family Entrustment Arrangement. See "— Corporate Development of Our Company — Mr. Huang's Family Entrustment Arrangement and Termination" for details.

(2) On April 15, 2011, Shanghai Dehui, Mr. Tan Kun and Mr. Li Jun subscribed for 11.11%, 4.22% and 2.67% of the equity interest in our Company at a consideration of RMB3.0 million, RMB1.1 million and RMB0.7 million, respectively. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Subscriptions in 2011" for details.

Acquisition of Shares by Our Employees Shareholding Platform in 2015

In order to provide incentive to our employees and senior management members, our then Shareholders adopted a share incentive scheme (the "2015 Share Incentive Scheme") on April 1, 2015, and Xiamen Juhua Investment Management Partnership (Limited Partnership) (廈門聚鏵投資管理合夥企業(有限合夥)) ("Xiamen Juhua"), a limited partnership established under the PRC law on May 13, 2015, was designated as a share incentive platform on the same day by our then Shareholders. In June 2015, Xiamen Juhua entered into an equity transfer agreement with Mr. Sun and Mr. Huang, pursuant to which, Xiamen Juhua acquired 2.58% and 2.68% of the equity interest in the Company at a consideration of RMB1,960,000 and RMB2,040,000, respectively. The consideration was determined with reference to the then valuation of our Company and the relevant employees' and senior management members' contributions. Upon the completion of the equity transfer on June 24, 2015, Xiamen Juhua held 5.26% of the equity interest in our Company.

Capital Reserve Capitalization in 2015

In August 2015, our then Shareholders resolved to capitalize the capital reserve of our Company, pursuant to which, RMB17,134,526 out of the capital reserve was applied to the registered capital of our Company at nominal value of RMB1.00 per Share (the "First Capital Reserve Capitalization"). The Shares held by each of our then Shareholders was increased accordingly in proportion to their respective equity interest in our Company immediately before the First Capital Reserve Capitalization and the total registered capital of our Company increased to RMB30,000,000.

Capital Reserve Capitalization in 2016

In February 2016, our then Shareholders resolved to capitalize the capital reserve of our Company, pursuant to which, RMB7,566,667 out of the capital reserve was applied to the registered capital of our Company at nominal value of RMB1.00 per Share (the "Second Capital Reserve Capitalization"). The Shares held by each of our then Shareholders was increased accordingly in proportion to their respective equity interest in our Company immediately before the Second Capital Reserve Capitalization and the total registered capital of our Company increased to RMB39,900,000.

Acquisition of Shares by Our Employees Shareholding Platform in 2020

To enable our employees and senior management members to share benefits from the long-term development of our Company, in July 2020, Xiamen Tuojulian Enterprise Management Consulting Partnership (Limited Partnership) (廈門拓聚連企業管理諮詢合夥企業(有限合夥)) ("Xiamen Tuojulian"), an employees shareholding platform, entered into an equity transfer agreement with Hualong Electronics, pursuant to which, among others, Xiamen Tuojulian acquired 0.13% of the equity interest in the Company from Hualong Electronics at a consideration of RMB2.2 million. The consideration was determined on an arm's length basis with reference to the then valuation of our Company and fully settled in March 2021.

Capital Reserve Capitalization in 2020

On October 23, 2020, our then Shareholders resolved to capitalize the capital reserve of our Company, pursuant to which, RMB38,430,586 out of the capital reserve was applied to the registered capital of our Company at nominal value of RMB1.00 per Share (the "Third Capital Reserve Capitalization"). The Shares held by each of our then Shareholders was increased accordingly in proportion to their respective equity interest in our Company immediately before the Third Capital Reserve Capitalization and the total registered capital of our Company increased to RMB90,000,000.

The shareholding structure of our Company upon completion of the Third Capital Reserve Capitalization and prior to the Track Record Period was as follows:

Shareholders	Number of Shares held by such Shareholder	Shareholding percentage
Mr. Sun	23,996,383	26.66%
Ms. Zhang	17,621,853	19.58%
Linzhi Lixin Information Technology Co., Ltd. (林芝利新信息技術有限公司) ("Linzhi Lixin")[1][6]	5,603,521	6.23%
Mr. Huang	5,515,487	6.13%
Mr. Peng Jianhu (彭建虎)[2]	4,191,520	4.66%
Xiamen Zhengzhi Equity Investment Partnership (Limited Partnership) (廈門正志股權投資合夥企業(有限合夥)) ("Zhengzhi Investment")[3]	4,107,691	4.56%
Chongqing Jiatuo Tiancheng Enterprise Management Partnership (Limited Partnership) (重慶加拓添成企業管理合夥企業(有限合夥)) ("Jiatuo Tiancheng")[2]	3,981,946	4.42%
Yu Sheng (余盛)[4]	3,374,031	3.75%
Xiamen Suming Enterprise Management Consulting Partnership (Limited Partnership) (廈門速銘企業管理諮詢合夥企業(有限合夥))	3,230,457	3.59%
Xiamen Juhua	3,230,457	3.59%
Hualong Electronics	2,920,745	3.25%
Xiamen Fulv Century Jinyuan Equity Investment Partnership (Limited Partnership) (廈門福旅世紀金源股權投資合夥企業(有限合夥)) ("Fulv Century")[5]	2,711,573	3.01%
Yu Yunhui (余雲輝)	2,129,288	2.37%
Suzhou Paiyi Venture Capital Partnership L.P. (蘇州湃益創業投資合夥企業(有限合夥)) ("Suzhou Paiyi")[6]	2,095,760	2.33%
Chongqing Hongtai Zhiying Equity Investment Center (Limited Partnership) (重慶洪泰致盈股權投資中心(有限合夥)) ("Hongtai Zhiying")[7]	1,571,821	1.75%
Ningbo Meishan Bonded Area Panhong Equity Investment Partnership (寧波梅山保稅區磐鴻股權投資合夥企業(有限合夥)) ("Panhong Investment")[1][3]	1,185,136	1.32%
Yiwu Datuo Equity Investment Partnership (Limited Partnership) (義烏大拓股權投資合夥企業(有限合夥)) ("Yiwu Datuo")[8]	717,879	0.80%
Yu Li (余麗)[4]	574,305	0.64%
Xiamen Shan'erli Enterprise Management Partnership (Limited Partnership) (廈門善而利企業管理合夥企業(有限合夥)) ("Xiamen Shan'erli")[9]	422,799	0.47%

Shareholders	Number of Shares held by such Shareholder	Shareholding percentage
Fan Zijing (范子靖)[10]	358,941	0.40%
Xiamen Falcon Qicheng Equity Investment Partnership (Limited Partnership) (廈門市獵鷹啓程股權投資合夥企業(有限合夥)) ("Falcon Qicheng")[11]	340,901	0.38%
Xiamen Tuojulian	117,506	0.13%
Total	**90,000,000**	**100%**

Notes:

(1) On August 3, 2018, Linzhi Lixin and Panhong Investment subscribed for 4.78% and 0.29% of the equity interest in our Company at a consideration of RMB50.0 million and RMB3.0 million, respectively. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Subscription in 2018" for details.

(2) On February 18, 2020, Mr. Peng Jianhu and Jiatuo Tiancheng subscribed for 5.14% and 4.88% of the equity interest in our Company at a consideration of RMB80.0 million and RMB76.0 million, respectively. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Investments in 2020" for details.

(3) On September 26, 2019, Mr. Huang transferred 1.33% and 0.50% of the equity interest in our Company to Panhong Investment and Zhengzhi Investment at a consideration of RMB16.0 million and RMB6.0 million, respectively. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Transfers in 2019 to 2020" for details.

(4) On January 28, 2016, Yu Sheng and Yu Li subscribed for 4.85% and 0.82% of the equity interest in our Company at a consideration of RMB44.7 million and RMB7.6 million, respectively. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Subscriptions in 2016" for details.

(5) On October 8, 2020, Fulv Century subscribed for 3.01% of the equity interest in our Company at a consideration of RMB52.5 million. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Subscriptions in 2020" for details.

(6) On March 19, 2020, Linzhi Lixin and Suzhou Paiyi subscribed for each of 2.40% of the equity interest in our Company at a consideration of RMB40.0 million and RMB40.0 million, respectively. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Subscriptions in 2020" for details.

(7) On March 2, 2020, Hongtai Zhiying subscribed for 1.80% of the equity interest in our Company at a consideration of RMB30.0 million. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Subscriptions in 2020" for details.

(8) On June 1, 2020, Shanghai Dayun Pingyi Investment Management Co., Ltd. (上海大雲平移投資管理有限公司) ("Dayun Pingyi") transferred all its 0.82% of the equity interest in the Company to Yiwu Datuo at a consideration of RMB9.5 million. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Transfers in 2020" for details.

(9) On September 26, 2019, Mr. Huang transferred 0.58% of the equity interest in the Company to Xiamen Shan'erli at a consideration of RMB6.9 million. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Transfers in 2019 to 2020" for details.

(10) On June 11, 2020, Fan Hongli (范宏立) transferred all his 0.41% of the equity interest in the Company to Fan Zijing at a consideration of RMB4.8 million. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Transfers in 2020" for details.

(11) On January 20, 2020, Chongqing Huaben Electronic Information Venture Capital Center (Limited Partnership) (重慶華犇電子信息創業投資中心(有限合夥)) ("Chongqing Huaben") transferred 0.46% of the equity interest in our Company to Falcon Qicheng at a consideration of RMB5.6 million. See "— **[REDACTED]** Investments — 2. Principal Terms of the **[REDACTED]** Investments — Equity Transfers in 2019 to 2020" for details.

Acquisition of Shares by Our Employees Shareholding Platform in 2023

In order to provide incentive to our employees and senior management members, our then Shareholders adopted a share incentive scheme (the "2023 Share Incentive Scheme") on January 20, 2023, and Xiamen Tuojuxin Enterprise Management Consulting Partnership (Limited Partnership) (廈門拓聚鑫企業管理諮詢合夥企業(有限合夥)) ("Xiamen Tuojuxin"), was designated as a share incentive platform on the same day by our then Shareholders. In February 2023, Xiamen Tuojuxin entered into a capital increase agreement with Mr. Sun, Ms. Zhang, Mr. Huang, Hualong Electronics, Xiamen Juhua, Xiamen Suming and our Company, pursuant to which, Xiamen Tuojuxin subscribed for 1,010,329 Shares at a consideration of RMB15.7 million. The consideration was determined with reference to the then valuation of our Company with a discount having considered the relevant employees' and senior management members' contributions, and fully settled in April 2023. Upon completion of the Shares subscription, Xiamen Tuojuxin held 1.11% of the equity interest in our Company.

JOINT CONTROL ARRANGEMENTS

Pursuant to the joint control arrangements under the joint control agreement dated October 8, 2015 (as amended and restated), among others, (i) Mr. Sun and Mr. Huang would act in concert at the Board meetings and the general meetings of our Company from the date of this agreement up until 36 months after the **[REDACTED]** to realize the joint control over our Group; and (ii) in the event where they are unable to reach a consensus on a resolution before the general meetings, they shall abstain from voting on the relevant resolution.

[REDACTED] INVESTMENTS

1. Overview

To fund our rapid business expansion and diversify our Shareholder base, we have conducted several rounds of **[REDACTED]** investments, which benefits us in various respects, including, among others, the capital funds the **[REDACTED]** investors invested in our Company as well as their business resources, networks, knowledge and experience.

The table below sets forth a summary of the shareholding of our **[REDACTED]** investors in our Company immediately prior to the **[REDACTED]**:

[REDACTED] Investors[1]	Equity Transfers in 2014	Capital Increase in 2015	First Capital Reserve Capitalization	Equity Subscriptions in 2016	Second Capital Reserve Capitalization	Equity Subscription in 2018	Equity Transfers in 2019 to 2020		Equity Subscriptions in 2020		Equity Transfers in 2020	Equity Subscription in 2020 and Third Capital Reserve Capitalization	Equity Transfers in 2022 to 2023		Equity Transfer in 2025	Total number of Shares held by [REDACTED] Investor immediately prior to the [REDACTED]
Linzhi Lixin	–	–	–	–	–	2,009,924	–	–	–	1,200,857	–	2,392,740	–	–	–	5,603,521
Mr. Peng Jianhu	–	–	–	–	–	–	–	–	2,401,714	–	–	1,789,806	–	1,350,000	–	5,541,520
Jiatuo Tiancheng	–	–	–	–	–	–	–	–	2,281,629	–	–	1,700,317	–	–	–	3,981,946
Zhengzhi Investment	–	–	–	–	–	–	210,150	2,143,530	–	–	–	1,754,011	(283,487)[2]	–	–	3,824,204
Hongtai Zhiying	–	–	–	–	–	–	–	–	–	900,643	–	671,178	1,809,524	–	–	3,381,345
Yu Sheng	–	–	–	1,566,666	366,632	–	–	–	–	–	–	1,440,733	–	–	–	3,374,031
Xiamen Suming	–	643,274	856,726	–	351,031	–	–	–	–	–	–	1,379,426	–	–	62,261	3,292,718
Fulv Century	–	–	–	–	–	–	–	–	–	–	–	2,711,573	–	–	–	2,711,573
Yu Yunhui	424,000	–	564,693	–	231,375	–	–	–	–	–	–	909,220	–	–	–	2,129,288
Suzhou Paiyi	–	–	–	–	–	–	–	–	–	1,200,857	–	894,903	–	–	–	2,095,760
Yiwu Datuo	–	–	–	–	–	–	–	–	–	–	411,340	306,539	–	–	–	717,879
Yu Li	–	–	–	266,667	62,406	–	–	–	–	–	–	245,232	–	–	–	574,305
Fan Zijing	–	–	–	–	–	–	–	–	–	–	205,671	153,270	–	–	–	358,941
Xiamen Shan'erli	–	–	–	–	–	–	242,261	–	–	–	–	180,538	–	(181,200)[3]	–	241,599
Total	**424,000**	**643,274**	**1,421,419**	**1,833,333**	**1,011,444**	**2,009,924**	**452,411**	**2,143,530**	**4,683,343**	**3,302,357**	**617,011**	**16,529,486**	**1,526,037**	**1,168,800**	**62,261**	**37,828,630**

(1) See "— **[REDACTED]** Investments — 5. Information relating to Our Principal **[REDACTED]** Investors" for details of our **[REDACTED]** Investors and their relationships with our Group and our connected persons.

(2) On December 18, 2022, Zhengzhi Investment transferred 0.31% of the equity interests in our Company to Hongtai Zhiying. See "— 2. Principal Terms of the **[REDACTED]** Investments" below for details.

(3) On May 19, 2023, Xiamen Shan'erli transferred 0.20% of the equity interests in our Company to Xiamen Jianji Capital management Co., Ltd. (廈門建極資本管理有限公司) ("Jianji Capital"). See "— 2. Principal Terms of the **[REDACTED]** Investments" below for details.

2. Principal Terms of the [REDACTED] Investments

Name of [REDACTED] Investor	Date of agreement	Date of settlement	Number of Shares subscribed for/ acquired	Consideration	Cost per Share[(1)]	Post-money valuation of our Company	Discount to the [REDACTED][(2)]
				(RMB million)		*(RMB million)*	
Equity Subscriptions in 2011							
Shanghai Dehui[(3)]	April 15, 2011	April 28, 2011	432,099	3.0	RMB0.49	45.0	**[REDACTED]**%
Mr. Tan Kun[(3)]	April 15, 2011	April 28, 2011	164,198	1.1	RMB0.49	45.0	**[REDACTED]**%
Mr. Li Jun[(3)]	April 15, 2011	April 28, 2011	103,704	0.7	RMB0.49	45.0	**[REDACTED]**%
Equity Transfers in 2014							
Yu Yunhui	December 29, 2014	November 17, 2014	424,000	8.7	RMB4.07	250.1	**[REDACTED]**%
Chongqing Huaben[(4)]	December 29, 2014	November 14, 2014	798,200	16.3	RMB4.07	250.1	**[REDACTED]**%
Capital Increase in 2015							
Xiamen Suming	June 12, 2015	July 8, 2015	643,274	15.0	RMB4.64	300.0	**[REDACTED]**%
Equity Subscriptions in 2016							
Yu Sheng	January 28, 2016	January 29, 2016	1,566,666	44.7	RMB13.23	921.5	**[REDACTED]**%
Yu Li	January 28, 2016	February 2, 2016	266,667	7.6	RMB13.23	921.5	**[REDACTED]**%
Dayun Pingyi[(5)]	January 28, 2016	February 2, 2016	333,333	9.5	RMB13.23	921.5	**[REDACTED]**%
Fan Hongli[(6)]	January 28, 2016	January 29, 2016	166,667	4.8	RMB13.23	921.5	**[REDACTED]**%
Equity Subscription in 2018							
Linzhi Lixin	August 3, 2018	August 20, 2018	2,009,924	50.0	RMB14.25	1,045.6	**[REDACTED]**%
Panhong Investment[(7)]	August 3, 2018	August 27, 2018	120,076	3.0	RMB14.25	1,045.6	**[REDACTED]**%
Equity Transfers in 2019 to 2020							
Xiamen Shan'erli	September 26, 2019	November 5, 2019	242,261	6.9	RMB16.36	1,200.0	**[REDACTED]**%
Panhong Investment[(7)]	September 26, 2019	October 24, 2019	558,999	16.0	RMB16.36	1,200.0	**[REDACTED]**%
Zhengzhi Investment	September 26, 2019	October 24, 2019	210,150	6.0	RMB16.36	1,200.0	**[REDACTED]**%
Jin Xiaoqi (金孝奇)[(8)]	September 26, 2019	October 22, 2019	42,030	1.2	RMB16.36	1,200.0	**[REDACTED]**%
Zhengzhi Investment[(4)(8)]	January 20, 2020	March 23, 2020	2,101,500	60.0	RMB16.36	1,200.0	**[REDACTED]**%
	February 17, 2020	March 22, 2020	42,030	1.2	RMB16.36	1,200.0	**[REDACTED]**%
Falcon Qicheng[(4)(7)]	January 20, 2020	March 20, 2020	195,334	5.6	RMB16.36	1,200.0	**[REDACTED]**%

Name of [REDACTED] Investor	Date of agreement	Date of settlement	Number of Shares subscribed for/ acquired	Consideration	Cost per Share[1]	Post-money valuation of our Company	Discount to the [REDACTED][2]
				(RMB million)		*(RMB million)*	
Investments in 2020							
Equity Subscriptions in 2020							
Mr. Peng Jianhu	February 18, 2020	February 24, 2020	2,401,714	80.0	RMB19.09	1,556.0	**[REDACTED]**%
Jiatuo Tiancheng	February 18, 2020	February 20, 2020	2,281,629	76,0	RMB19.09	1,556.0	**[REDACTED]**%
Linzhi Lixin	March 19, 2020	May 20, 2020	1,200,857	40.0	RMB19.09	1,666.0	**[REDACTED]**%
Suzhou Paiyi	March 19, 2020	May 27, 2020	1,200,857	40.0	RMB19.09	1,666.0	**[REDACTED]**%
Hongtai Zhiying	March 2, 2020	May 15, 2020	900,643	30.0	RMB19.09	1,666.0	**[REDACTED]**%
Fulv Century	October 8, 2020	December 11, 2020	1,553,714	52.5	RMB19.36	1,742.5	**[REDACTED]**%
Equity Transfers in 2020							
Yiwu Datuo[5]	June 1, 2020	June 29, 2020	411,340	9.5	RMB13.23	1,666.0	**[REDACTED]**%
Fan Zijing[6]	June 11, 2020	September 1, 2020	205,671	4.8	RMB13.23	1,666.0	**[REDACTED]**%
Equity Transfers in 2022 to 2023							
Hongtai Zhiying[7]	December 18, 2022	December 22, 2022	1,809,524	38.0	RMB21.00	1,890.0	**[REDACTED]**%
Mr. Peng Jianhu	April 10, 2023	April 13, 2023	1,350,000	28.4	RMB21.00	1,911.2	**[REDACTED]**%
Jianji Capital[9]	May 19, 2023	May 30, 2023	181,200	3.8	RMB21.00	1,911.2	**[REDACTED]**%
Equity transfer in 2025							
Xiamen Suming	January 24, 2025	February 11, 2025	62,261	1.0	RMB15.92	1,911.2	**[REDACTED]**%

Notes:

(1) With respect to the equity subscriptions in 2011, the amount is calculated by dividing the consideration paid by the relevant investor by the number of Shares held by him/it upon completion of the joint stock reform of our Company and adjusted by taking into consideration of the impact from the enlargement of our Company's registered capital as a result of three rounds of the capital reserve capitalizations. With respect to the other rounds of investments, the amount is calculated by dividing the consideration paid by the relevant investor by the number of Shares held by him/her/it in the relevant round of investment and adjusted by taking into consideration of the impact from the enlargement of our Company's registered capital as a result of three rounds of the capital reserve capitalizations (as the case may be).

(2) The discount to the **[REDACTED]** is calculated based on the assumption that the **[REDACTED]** is HK$**[REDACTED]** per Share, being the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** and HK$**[REDACTED]**.

(3) On January 1, 2014 and June 30, 2014, Hualong Electronics entered into an equity transfer agreement and a supplemental agreement with each of Mr. Li Jun and Mr. Tan Kun, pursuant to which, among others, Mr. Li Jun and Mr. Tan Kun agreed to transfer 2.67% and 2.83% of the equity interest in the Company to Hualong Electronics at a consideration of RMB2.7 million and RMB2.8 million, respectively. In addition, on April 15, 2014 and May 31,

2014, Mr. Tan Kun entered into an equity transfer agreement and a supplemental agreement with Mr. Sun, pursuant to which, among others, Mr. Tan Kun agreed to transfer 1.39% of the equity interest in the Company to Mr. Sun at a consideration of RMB1.4 million. On January 1, 2014 and April 1, 2014, Shanghai Dehui entered into an equity transfer agreement and a supplemental agreement with each of Mr. Sun and Mr. Huang, pursuant to which, among others, Shanghai Dehuis agreed to transfer 4.82% and 6.30% of the equity interest in the Company to Mr. Sun and Mr. Huang at a consideration of RMB4.8 million and RMB6.3 million, respectively. The consideration was determined on an arm's length basis with reference to our Company's then business operations and future prospects and fully settled on December 30, 2014. Upon completion of such equity transfer, Shanghai Dehui, Mr. Tan Kun and Mr. Li Jun, each an Independent Third Party, ceased to be our Shareholders.

(4) On January 20, 2020, Chongqing Huaben entered into an equity transfer agreement with each of Falcon Qicheng and Zhengzhi Investment, pursuant to which, among others, Chongqing Huaben agreed to transfer 0.46% and 5.00% of the equity interest in the Company held by Chongqing Huaben at a consideration of RMB5.6 million and RMB60.0 million, respectively. The consideration was determined on an arm's length basis with reference to our Company's then business operations and future prospects. Upon completion of such equity transfer on March 23, 2020, Chongqing Huaben ceased to be our Shareholder.

(5) On June 1, 2020, Dayun Pingyi transferred all its 0.82% of the equity interest in the Company to Yiwu Datuo at a consideration of RMB9.5 million. Dayun Pingyi is a company with limited liability incorporated in the PRC wholly owned by Shanghai Fuiou Financial Services Group Co., Ltd. (上海富友金融服務集團股份有限公司) ("Fuiou Group"), an Independent Third Party. Fuiou Group is the sole limited partner of Yiwu Datuo which held 99% of the partnership interest in Yiwu Datuo. The consideration was determined on an arm's length basis with reference to the consideration of the relevant Shares subscribed for by Dayun Pingyi on January 28, 2016. Upon completion of such equity transfer, Dayun Pingyi ceased to be our Shareholder.

(6) On June 11, 2020, Fan Hongli transferred all his 0.41% of the equity interest in the Company to Fan Zijing at a consideration of RMB4.8 million. Fan Hongli is the father of Fan Zijing. The consideration was determined on an arm's length basis with reference to the consideration of the relevant Shares subscribed for by Fan Hongli on January 28, 2016. Upon completion of such equity transfer, Fan Hongli ceased to be our Shareholder.

(7) On December 18, 2022, Xiamen Zhengchu Equity Investment Partnership (Limited Partnership) (廈門正儲股權投資合夥企業(有限合夥)) ("Zhengchu Investment", previously known as "Panhong Investment"), Falcon Qicheng, Zhengzhi Investment and Hongtai Zhiyng entered into an equity transfer agreement, pursuant to which, among others, Zhengchu Investment, Falcon Qicheng and Zhengzhi Investment agreed to transfer to Hongtia Zhiying 1.32%, 0.38% and 0.31% of the equity interest in the Company at a consideration of RMB24.9 million, RMB7.2 million and RMB6.0 million, respectively. The consideration was determined on an arm's length basis with reference to our Company's then business operations and future prospects and fully settled on December 22, 2022. Upon completion of such equity transfer, Zhengchu Investment and Falcon Qicheng ceased to be our Shareholders.

(8) On February 17, 2020, Jin Xiaoqi entered into an equity transfer agreement with Zhengzhi Investment, pursuant to which, among others, Jin Xiaoqi agreed to transfer all the 0.10% of the equity interest in the Company held by Jin Xiaoqi at a consideration of RMB1.2 million. The consideration was determined on an arm's length basis with reference to our Company's then business operations and future prospects. Upon completion of such equity transfer on March 22, 2020, Jin Xiaoqi ceased to be our Shareholder.

(9) On January 6, 2025, Jianji Capital entered into an equity transfer agreement with Hualong Electronics, pursuant to which, Jianji Capital agreed to transfer all its 0.20% of the equity interests in our Company at a consideration of RMB4.1 million. The consideration was determined on an arm's length basis with reference to our Company's then business operations and future prospects and fully settled on January 26, 2025. Upon completion of such equity transfer, Jianji Capital ceased to be our Shareholder.

Use of proceeds from the [REDACTED] investments:	Our Company utilized the proceeds from the subscriptions under the **[REDACTED]** investments for our R&D investment, general operation and business development. As of December 31, 2024, the proceeds had been fully utilized.
Strategic benefits the [REDACTED] investments brought to our Company:	Our Company would benefit from the additional capital injected to our Company from the **[REDACTED]** investments, our **[REDACTED]** investors' business resources, knowledge and experience, and potential business opportunities and benefits that may be provided by them.
Basis for determination of the consideration paid:	The consideration for the **[REDACTED]** investments were determined based on arm's length negotiations between the Company and the **[REDACTED]** investors, taking into account the timing of the investments and the then business operations and financial performance of our Group.
Lock-up period:	Pursuant to the applicable PRC law, within the 12 months following the **[REDACTED]**, all existing Shareholders (including our **[REDACTED]** investors) could not dispose of any of the Shares held by them.

3. Public Float

Our Company has made an application for a **[REDACTED]**", which [has been] approved by the CSRC and pursuant to which, a total of **[REDACTED]** Domestic Shares will be **[REDACTED]** into H Shares on a one-for-one basis upon the completion of the **[REDACTED]**.

Of such **[REDACTED]** and **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]** and the **[REDACTED]**:

(a) **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised)) will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the **[REDACTED]**, as **[REDACTED]** H Shares will be held by our Controlling Shareholders and **[REDACTED]** H Shares will be held by Xiamen Suming, Xiamen Juhua, Xiamen Tuojuxin and Xiamen Tuojulian which are controlled by Mr. Xu Lihua (徐麗華), our vice general manager and a director of our subsidiaries acting as their general partner; and

(b) the remaining **[REDACTED]** H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]** (assuming the **[REDACTED]** is not exercised)) will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules after the **[REDACTED]** as such Shareholders are not core connected persons of our Company upon the **[REDACTED]** nor accustomed to take instructions from our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares were not financed directly or indirectly by our Company's core connected persons.

The **[REDACTED]** Domestic Shares that will not be **[REDACTED]** into H Shares (representing approximately **[REDACTED]**% of our total issued Shares upon the **[REDACTED]** (assuming the **[REDACTED]** is not exercised)) will not be considered as part of the public float as the Domestic Shares will not be **[REDACTED]** into H Shares and will not be **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]** and the **[REDACTED]**.

See "Share Capital — **[REDACTED]**" for more details of the **[REDACTED]** and **[REDACTED]** on the Stock Exchange following the completion of the **[REDACTED]** and the **[REDACTED]**.

As a result, immediately upon completion of the **[REDACTED]** and the **[REDACTED]**, taking into account **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and on the basis that no **[REDACTED]** will be allocated to the core connected persons of our Company or their close associates), an aggregate of **[REDACTED]** H Shares will count towards the public float of our Company, representing **[REDACTED]**% of the total issued Shares of our Company.

4. Special Rights of the [REDACTED] Investors

In connection with the **[REDACTED]** investments, our **[REDACTED]** investors were granted certain special rights, including but not limited to anti-dilution right, pre-emption right, right of first refusal, tag-along right, repurchase right, preference in liquidation and information right and the right to nominate director candidates. In anticipation of the **[REDACTED]**, all special rights granted to our **[REDACTED]** investors had been terminated as of the date prior to the submission of our Company's application for the **[REDACTED]**.

5. Information relating to Our Principal [REDACTED] Investors

Set out below is a description of our principal **[REDACTED]** investors, being the investors which have made meaningful investments in our Company (each holding 1.00% or above of the registered capital at the Latest Practicable Date), including equity funds and strategic or financial investment corporations and individuals. To the best knowledge of our Directors, each of our principal **[REDACTED]** investors is independent from and not connected with any Director, chief executive or substantial shareholder of our Company, or its subsidiaries, or any of their respective close associates, and each of such **[REDACTED]** investors is independent from each other, unless as disclosed otherwise in this section.

Jiatuo Tiancheng Group

Jiatuo Tiancheng is a limited partnership established under the laws of the PRC on January 14, 2020. As of the Latest Practicable Date, the general partner of Jiatuo Tiancheng was Tu Posu (塗珀溯), who held 0.07% of the partnership interest in Jiatuo Tiancheng. There were six limited partners of Jiatuo Tiancheng, including Mr. Peng Jianhu, who held 92.11% of the partnership interest in Jiatuo Tiancheng. Jiatuo Tiancheng is primarily engaged in enterprise management and equity investment.

Mr. Peng Jianhu has extensive experience in corporate management and investment. Mr. Peng Jianhu currently serves as a director in Chongqing Guanda Holding Group Co., Ltd. (重慶冠達控股集團有限公司), a company focusing on equity investment in traveling, agricultural, technology and internet industries. Previously, he served as the chairman of the board of directors and president in Chongqing New Century Cruise Co., Ltd. (重慶新世紀遊輪股份有限公司), which is currently known as Giant Network Group Co., Ltd. (巨人網絡集團股份有限公司), a company listed on the Shenzhen Stock Exchange with a focus on traveling and cruise management (stock code: 002558.SZ) from March 1998 to July 2016.

Tencent Investors

Linzhi Lixin is a company with limited liability incorporated under the laws of the PRC on October 26, 2015. Suzhou Paiyi is a limited partnership established under the laws of the PRC on November 6, 2019. Both Linzhi Lixin and Suzhou Paiyi are controlled by Tencent Holdings Limited ("Tencent").

Tencent is a company listed on the Main Board of the Stock Exchange (stock code: 700 (HKD Counter) and 80700 (RMB Counter)). Tencent is principally engaged in the provision of communication, social, digital content, games, marketing, fintech and cloud services in the PRC.

Zhengzhi Investment

Zhengzhi Investment is a limited partnership established under the laws of the PRC on August 22, 2017. As of the Latest Practicable Date, the general partner of Zhengzhi Investment was Xiamen Falcon Investment Management Co., Ltd. (廈門市獵鷹投資管理有限公司) ("Falcon

Capital"), which was owned by Xie Jianhua (謝建華) as to 32%, Chen Meilian (陳美蓮) as to 17.45%, Fu Xiaofeng (傅曉楓) as to 17.45%, Huang Danlin (黃丹琳) as to 13.09%, Xiamen Falcon Gaoxiang Investment Partnership (Limited Partnership) (廈門獵鷹高翔投資合夥企業(有限合夥)) as to 10% and Xiamen Falcon Kaixuan Investment Partnership (Limited Partnership) (廈門獵鷹凱旋投資合夥企業(有限合夥)) as to 10%, respectively. There were three limited partners of Zhengzhi Investment, including Huang Xuankai (黃炫凱) and Zhou Chunqin (周春琴), who held 38.11% and 33.09% of partnership interest in Zhengzhi Investment, respectively. As of the Latest Practicable Date, Zhengzhi Investment was an affiliate of Falcon Capital, a reputed venture capital with a focus on the emerging technology industry in China.

Hongtai Zhiying

Hongtai Zhiying is a limited partnership established under the laws of the PRC on November 14, 2018. As of the Latest Practicable Date, the general partner of Hongtai Zhiying was Hongtai Jiachuang (Chongqing) Equity Investment Fund Management Center (Limited Partnership) (洪泰嘉創(重慶)股權投資基金管理中心(有限合夥)) ("Hongtai Jiachuang"), whose general partner was in turn Qingdao Xinchen Science and Technology Innovation Industry Co., Ltd. (青島鑫宸科創實業有限公司), a company with limited liability owned by Mr. Sheng Xitai (盛希泰) as to 60%, Mr. Yu Minhong (俞敏洪) as to 10%, and the other three shareholders. The sole limited partner of Hongtai Jiachuang was Chongqing Jiahao Enterprise Management Consulting Co., Ltd. (重慶嘉蒿企業管理諮詢有限公司), a company with limited liability owned by Luo Qufei (駱去非) as to 73% and the other two shareholders. There were 12 limited partners of Hongtai Zhiying, none of which held more than 30% of partnership interest in Hongtai Zhiying. Hongtai Zhiying is an affiliate of Hongtai Aplus, a fund founded in 2014 by Mr. Yu Minhong, the reputed entrepreneur, and Mr. Sheng Xitai, the former director of Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), with a focus on equity investment in advanced manufacturing, information technology, new materials, new energy, and healthcare industries.

Yu Sheng

Yu Sheng is an experienced entrepreneur in asset and enterprise management. Yu Sheng founded Shanghai Yusheng Asset Management Co., Ltd. (上海余盛資產管理有限公司), a company with limited liability principally engaged in asset management in 2013. As of the Latest Practicable Date, Yu Sheng served as the executive director of Shanghai Yusheng Asset Management Co., Ltd.

Xiamen Suming

With a view to exploring the future business opportunities and sharing the benefits from our development, Xiamen Suming was promoted as a shareholding platform by certain individual investors who were also reputable local entrepreneurs acting as the limited partners and capital contributors of Xiamen Suming. Mr. Xu Lihua, our vice general manager, acts as the sole general partner holding a nominal partnership interest of 0.00065% in Xiamen Suming. The major limited partners and external investors, who are Independent Third Parties, include Luo Qufei (駱去非), Zhuo Xiaoneng (卓小能), Chen Qunyi (陳群毅), Qiu Kunlin (邱坤林), Li Hongyang (李紅陽) and Wang Zhongtao (王忠濤), holding 16.35%, 15.70%, 11.77%, 3.14%, 1.30% and 1.24% of the partnership interest in Xiamen Suming, respectively. The remaining partnership interest is held by our certain employees.

Fulv Century

Fulv Century is a limited partnership established under the laws of the PRC on September 30, 2020. As of the Latest Practicable Date, the general partner of Fulv Century was Fujian Fulv Lianxin Fund Management Co., Ltd. (福建福旅聯信基金管理有限公司) ("Fulv Lianxin Fund"), which was owned by Shanghai Lianxin Jusheng Venture Capital Management Co., Ltd. (上海聯信聚盛創業投資管理有限公司) ("Lianxin Jusheng") as to 52%, Fujian Huamin Industrial Group Co., Ltd. (福建華閩實業(集團)有限公司) as to 28% and Shanghai Water Conservancy Investment Construction (Group) Co, Ltd. (上海水利投資建設(集團)有限公司) as to 20%. Lianxin Jusheng was a company with limited liability owned by Liao Baoqin (廖寶琴) as to 48.82%, Li Yakun (李亞昆) as to 48.80% and Shen Qiufeng (沈秋楓) as to 2.38%. There were two limited partners of Fulv Century, including Ningbo Meishan Bonded Area Tengyun Yuansheng Equity Investment Partnership (Limited Partnership) (寧波梅山保稅區騰雲源晟股權投資合夥企業(有限合夥)) ("Tengyun Yuansheng"), which held 99.78% of partnership interest in Fulv Century. The general partner of Tengyun Yuansheng was Century Tengyun Investment Management Co., Ltd. (世紀騰雲投資管理有限公司), which was wholly owned by Tibet Tengyun Investment Co., Ltd. (西藏騰雲投資管理有限公司) ("Tibet Tengyun"), which was ultimately owned by Huang Tao (黃濤) as to 60% and Huang Shiying (黃世熒) as to 40%, respectively. Tibet Tengyun was also the sole limited partner of Tengyun Yuansheng, which held 99% of partnership interest in Tengyun Yuansheng. Fulv Lianxin Fund was a private equity fund with a focus on cultural tourism and urban renewal.

Yu Yunhui

Yu Yunhui is an expert in economics and finance. Mr. Yu is the legal representative of Lantian Academy of Gutian County (古田縣藍田書院), which was principally engaged in education. In addition, since June 2013, Yu Yunhui has served as a director in Chengdu Olymvax

Biopharmaceuticals Technology Co., Ltd. (成都歐林生物科技股份有限公司), a company principally engaged in the development, production and sales of vaccines, which was listed on the Shanghai Stock Exchange (stock code: 688319.SH).

6. Compliance with the Guide for New Listing Applicants

Based on the documents provided by the Company relating to the **[REDACTED]** investments and on the bases that (i) the considerations for the **[REDACTED]** investments were settled more than 28 clear days before the date of submission of the **[REDACTED]** application to the Stock Exchange and no less than 120 clear days before the **[REDACTED]**; and (ii) the special rights granted to the **[REDACTED]** investors had been suspended or terminated prior to the submission of the application for the **[REDACTED]**, the **[REDACTED]** confirm that the **[REDACTED]** investments are in compliance with Chapter 4.2 of the Guide for New Listing Applicants published by the Stock Exchange.

7. PRC Legal Advisors' Confirmation

As advised by our PRC Legal Advisors, all necessary regulatory approvals, permits and licenses required under PRC laws in relation to the share transfers and increases in the register capital above have been obtained; and all share transfers and increases in the register capital above have complied with applicable PRC laws in all material respects.

EMPLOYEES SHAREHOLDING PLATFORMS

In recognition of the contributions of our management team and key employees that have made special contributions to the development of our Group, and to improve business management efficiency and to closely align the interests of the management team and key employees with our Company's long-term development, we adopted the 2015 Share Incentive Scheme and the 2023 Share Incentive Scheme on April 1, 2015 and January 20, 2023, respectively. Xiamen Juhua and Xiamen Tuojuxin were designated as our share incentive platforms.

According to the 2015 Share Incentive Scheme, the 2023 Share Incentive Scheme and the respective grant agreements, our certain senior management members and employees were granted awards and registered as the limited partners of the share incentive platforms upon vesting of their awards. All management and voting powers of the share incentive platforms are exercised by their general partner according to the partnership agreements, whereas the relevant management and employees as the limited partners of such share incentive platforms are entitled to the economic interest. As of the Latest Practicable Date, Xiamen Juhua and Xiamen Tuojuxin held 3.55% and 1.11% of our Shares, respectively, with Mr. Xu Lihua, our vice general manager, acting as the sole general partner holding 3.35% of the partnership interest in Xiamen Juhua and a nominal partnership interest in Xiamen Tuojuxin of 0.0001%.

Our other employees shareholding platforms, including Xiamen Tuojulian, Xiamen Hangjutuo Enterprise Management Consulting Partnership (Limited Partnership) (廈門杭聚拓企業管理諮詢合夥企業(有限合夥)) ("Xiamen Hangjutuo"), Xiamen Juhan Enterprise Management Consulting Partnership (Limited Partnership) (廈門聚漢企業管理諮詢合夥企業(有限合夥)) ("Xiamen Juhan") and Xiamen Juxiao Enterprise Management Consulting Partnership (Limited Partnership) (廈門聚嘯企業管理諮詢合夥企業(有限合夥)) ("Xiamen Juxiao"), were established from 2020 to 2022, with Mr. Xu Lihua acting as the sole general partner and holding a nominal partnership interest in Xiamen Tuojulian, Xiamen Hangjutuo, Xiamen Juhan and Xiamen Juxiao of 0.0009%, 0.0024%, 0.0043% and 0.0089%, respectively. As of the Latest Practicable Date, all limited partners of such employees shareholding platforms were our employees, except for Xiamen Suju Enterprise Management Consulting Partnership (Limited Partnership) (廈門速聚企業管理諮詢合夥企業(有限合夥)) ("Xiamen Suju"), an intermediary shareholding platform holding 2.79% of the partnership interest in Xiamen Juhua as a limited partner and established under the laws of the PRC in 2019 by five individual investors and capital contributors who were Independent Third Parties. As of the Latest Practicable Date, Mr. Xu Lihua acted as the sole general partner and held a nominal partnership interest of 0.0016% in Xiamen Suju. It was owned by its limited partners, Sha Yiquan (沙藝權) as to 23.81%, Cai Shaohua (蔡少華) as to 23.81%, Liu Binghui (柳炳輝) as to 23.81%, Wang Zhongtao (王忠濤) as to 15.87% and Weng Hongying (翁紅嬰) as to 12.70%, respectively.

PREVIOUS A-SHARE LISTING ATTEMPTS

In April 2017, our Company submitted an application for listing of the Shares on the ChiNext Market (the "First A-Share Listing Application"). Due to the adjustment of our strategies and the need for introduction of external investors which may result in prolong vetting process and uncertainty on listing timetable, in October 2017, we decided not to proceed with this listing plan temperately and voluntarily withdrew our First A-share Listing Application. The First A-share Listing Application had not been returned or rejected by the CSRC and remained valid prior to our withdrawal. During the process of the First A-share Listing Application, save for the reason as disclosed above, we did not encounter any material difficulties or legal impediments which led us to exit the First A-share Listing Application.

In June 2021, our Company submitted another application for listing of the Shares on the ChiNext Market (the "Second A-Share Listing Application"). The Second A-Share Listing Application was later referred to the ChiNext listing committee of the Shenzhen Stock Exchange (深圳證券交易所創業板上市審核委員會) for consideration. In the hearing held on August 30, 2022, the ChiNext listing committee of the Shenzhen Stock Exchange decided not to approve our Second A-Share Listing Application due to the offering conditions, listing conditions or information disclosure requirements not being satisfied.

Our Directors confirm that all matters and comments in connection with the First A-Share Listing Application and the Second A-Share Listing Application raised by the Shenzhen Stock Exchange has been clarified or otherwise resolved, and there was no disagreement between our Company and the working parties involving in the First A-Share Listing Application and the Second A-Share Listing Application.

To our Directors' best knowledge, our Directors are not aware of any matter or finding in connection with the First A-Share Listing Application or the Second A-Share Listing Application which might materially and adversely affect our Company's suitability for the **[REDACTED]**. Our Directors confirm that save as disclosed in this section, there is no other matter in relation to the First A-Share Listing Application and the Second A-Share Listing Application that needs to be brought to the attention of the Stock Exchange or potential investors. Having considered the views of our Directors above and based on the due diligence work performed by the Joint Sponsors, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on our Directors' views that no other matters in relation to the First A-Share Listing Application and Second A-Share Listing Application that needs to be brought to the attention of potential investors in any material respect.

CAPITALIZATION OF OUR COMPANY

The following table sets out our Company's shareholding structure (a) as of the latest Practicable Date and immediately before the **[REDACTED]**, and (b) immediately upon the completion of the **[REDACTED]** (assuming the **[REDACTED]** is not exercised):

Name of Shareholder	Number of Shares as of the Latest Practicable Date, immediately before the [REDACTED] and immediately after the [REDACTED]	Shareholding percentage as of the Latest Practicable Date and immediately before the [REDACTED]	Shareholding percentage upon completion of the [REDACTED][(1)]
Controlling Shareholders			
Mr. Sun	23,996,383	26.37%	**[REDACTED]**%
Mr. Huang	21,787,340	23.94%	**[REDACTED]**%
Hualong Electronics	3,039,684	3.34%	**[REDACTED]**%
Subtotal	48,823,407	53.65%	**[REDACTED]**%

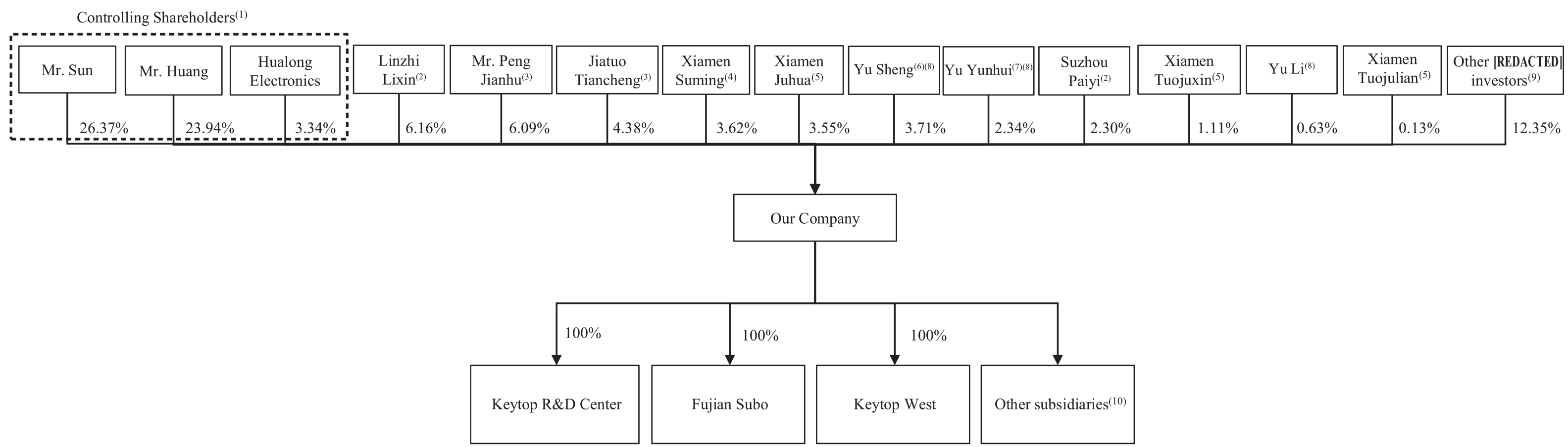
Name of Shareholder	Number of Shares as of the Latest Practicable Date, immediately before the [REDACTED] and immediately after the [REDACTED]	Shareholding percentage as of the Latest Practicable Date and immediately before the [REDACTED]	Shareholding percentage upon completion of the [REDACTED](1)
Employees Shareholding Platforms			
Xiamen Juhua	3,230,457	3.55%	**[REDACTED]**%
Xiamen Tuojuxin	1,010,329	1.11%	**[REDACTED]**%
Xiamen Tuojulian	117,506	0.13%	**[REDACTED]**%
Subtotal	4,358,292	4.79%	**[REDACTED]**%
Jiatuo Tiancheng Group			
Mr. Peng Jianhu	5,541,520	6.09%	**[REDACTED]**%
Jiatuo Tiancheng	3,981,946	4.38%	**[REDACTED]**%
Subtotal	9,523,466	10.46%	**[REDACTED]**%
Tencent Investors			
Linzhi Lixin	5,603,521	6.16%	**[REDACTED]**%
Suzhou Paiyi	2,095,760	2.30%	**[REDACTED]**%
Subtotal	7,699,281	8.46%	**[REDACTED]**%
Zhengzhi Investment	3,824,204	4.20%	**[REDACTED]**%
Hongtai Zhiying	3,381,345	3.72%	**[REDACTED]**%
Yu Sheng	3,374,031	3.71%	**[REDACTED]**%
Xiamen Suming	3,292,718	3.62%	**[REDACTED]**%
Fulv Century	2,711,573	2.98%	**[REDACTED]**%
Yu Yunhui	2,129,288	2.34%	**[REDACTED]**%
Yiwu Datuo	717,879	0.79%	**[REDACTED]**%
Yu Li	574,305	0.63%	**[REDACTED]**%
Fan Zijing	358,941	0.39%	**[REDACTED]**%
Xiamen Shan'erli	241,599	0.27%	**[REDACTED]**%
Public Shareholders	—	—	**[REDACTED]**%
Total	**91,010,329**	**100%**	**[REDACTED]%**

Notes:

(1) Assuming the **[REDACTED]** is not exercised. For details of the Domestic Shares and H Shares held by the relevant Shareholders after completion of the **[REDACTED]** and the **[REDACTED]**, see "Share Capital."

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart sets forth our corporate structure immediately prior to the **[REDACTED]** and the **[REDACTED]**:



Notes:

(1) As of the Latest Practicable Date, Hualong Electronics was owned by Mr. Huang and Mr. Sun as to 51% and 49%, respectively. See "Relationship with Our Controlling Shareholders" for more details of the relationship among our Controlling Shareholders.

(2) Both Linzhi Lixin and Suzhou Paiyi are controlled by Tencent. See "— **[REDACTED]** Investment — 5. Information relating to Our Principal **[REDACTED]** Investors — Tencent Investors" for more details about Linzhi Lixin and Suzhou Paiyi.

(3) As of the Latest Practicable Date, Tu Posu was the general partner of Jiatuo Tiancheng holding 0.07% of the partnership interest in Jiatuo Tiancheng, and Mr. Peng Jianhu was a limited partner holding 92.11% of the partnership interest in Jiatuo Tiancheng. See "— **[REDACTED]** Investment — 5. Information relating to Our Principal **[REDACTED]** Investors — Jiatuo Tiancheng Group" for more details about Jiatuo Tiancheng and Mr. Peng Jianhu.

(4) See "— **[REDACTED]** Investment — 5. Information relating to Our Principal **[REDACTED]** Investors — Xiamen Suming" for the shareholding structure of Xiamen Suming.

(5) See "— Employees Shareholding Platforms" for the shareholding structures of Xiamen Juhua, Xiamen Tuojuxin and Xiamen Tuojulian.

(6) See "— **[REDACTED]** Investment — 5. Information relating to Our Principal **[REDACTED]** Investors — Yu Sheng" for more details about Yu Sheng.

(7) See "— **[REDACTED]** Investment — 5. Information relating to Our Principal **[REDACTED]** Investors — Yu Yunhui" for more details about Yu Yunhui.

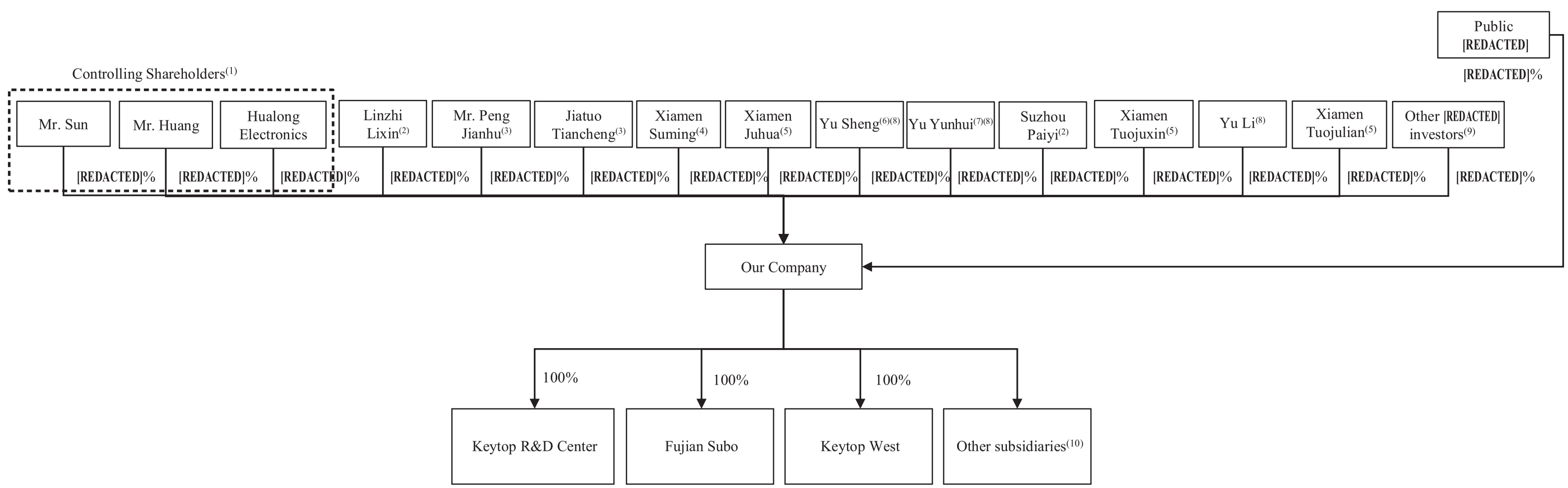
(8) Yu Sheng, Yu Yunhui and Yu Li are siblings.

(9) See "— Capitalization of our Company" and "— **[REDACTED]** Investments — 5. Information relating to our principal **[REDACTED]** Investors" for details regarding other **[REDACTED]** investors.

(10) For the details of other subsidiaries, please refer to "Statutory and General Information" in Appendix IV the Accountants' Report in Appendix I to this document.

CORPORATE STRUCTURE IMMEDIATELY AFTER [REDACTED]

The following chart set forth our corporate structure immediately after the completion of the **[REDACTED]** and the **[REDACTED]**, without taking into account any H Share which may be issued upon the exercise of the **[REDACTED]**:



Notes:

(1)–(10) Please refer to the notes to the charts set out in "Corporate Structure Immediately Prior to the **[REDACTED]**" above.

(11) Immediately upon the completion of the **[REDACTED]** and the **[REDACTED]**, **[REDACTED]** Domestic Shares (representing **[REDACTED]**% of total issued Shares of the Company upon completion of the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised)) held by 20 existing Shareholders prior to the **[REDACTED]** will be **[REDACTED]** into H Shares. Such **[REDACTED]** has been approved by the CSRC on [•] and is still subject to the approval by the Stock Exchange. See "Share Capital — **[REDACTED]**" for the respective numbers of Domestic Shares and H Shares held by the relevant Shareholders and the corresponding percentages of such Shares in the total issued share capital of our Company immediately after the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** is exercised).

VISION

Make urban living better through AI-empowered smart parking.

MISSION

To revolutionize the parking industry through AI-driven innovation, creating a sustainable ecosystem that makes mobility harmonious, greener, and more efficient.

OVERVIEW

We are a leader and pioneer in China's smart parking space operation industry. Leveraging AI and data-driven technology, we are deeply engaged in driving the digital and intelligent transformation of urban parking. Since our inception in 2006, we have evolved into a comprehensive parking industry group that integrates smart solutions, smart services, and smart operations. According to the CIC Report, we are among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry. We also rank No. 2 in terms of revenue in 2024 in China's smart parking space operation industry, according to the same source.

We focus on integrating intelligent technologies to connect the three key aspects of urban parking: people, vehicles, and parking facilities. In doing so, we aim to enhance management capabilities, improve operating efficiency, and elevate service standards in urban parking, providing compelling value propositions for parking asset owners and operators on the one hand, and vehicle owners and drivers on the other. With nearly two decades of industry experience, we have supported over 68,000 parking facilities and 13 million parking spaces as well as 300 million vehicles on a cumulative basis across over 60 countries and regions. We served over 34,000 parking facilities during the Track Record Period, with 2.1 million daily retail parking orders and RMB20.5 million daily transaction volume in 2024, respectively, culminating in an annual transaction volume of over RMB7.5 billion in the same year. We are also developing an online parking space rental platform, where owners of parking facilities and individual parking spaces can post their available spaces and vehicle owners and drivers can navigate and rent these spaces on demand, to further improve resource utilization in the parking space operation industry. As long-term rental users of our industry continue to grow rapidly, we believe that we can effectively benefit from the network effects generated by our platform and achieve sustainable growth.

We have constantly led the development of China's smart parking space operation industry through technology and innovation. According to the CIC Report, in 2006, we were the first to introduce parking space availability LED indicators in China, leading the transition from "blind parking" to the digital guidance era. In 2010, we pioneered vehicle search terminals incorporating video recognition technology to resolve the challenges for vehicle owners and drivers to locate their vehicles. In 2012, we were the first in the industry to promote and apply a video-based ticketless parking fee management system, and the first to enable WeChat Pay in 2014. In 2017, we innovated our business model to offer cloud-based remote management of unattended parking facilities. In 2023, we launched our *YongCe Pro*, the first intelligent digitalization parking operation system in China's smart parking space operation industry, to drive the industry transformation through AI.

Building on our strategic focus on technology and operations, we have developed our full-stack, cross-scenario business portfolio that encompasses smart solutions, smart services, and smart operations. This empowers seamless connections and efficient collaboration across all aspects of parking facilities and activities. We also are able to identify and address the diverse needs of parking asset owners and operators as well as vehicle owners and drivers throughout the entire intelligent digitalization process.

- **Smart Solutions.** Leveraging IoT, mobile payments, big data, and AI technologies, we have developed comprehensive smart solutions covering enclosed parking facilities, on-street parking spaces, pedestrian management and multi-parking facility management. With our integrated smart solutions comprising intelligent hardware, cloud-based software systems, and user-end applications, we enable end-to-end intelligent digitalization of parking facilities across a diverse range of parking scenarios. Leveraging our keen insights into customer demands, we have forged strong ties with renowned enterprises in a wide array of industry verticals such as commercial development, residential real estate, cultural tourism, technology, logistics parks, hospitals, communities and public services. Notably, we have collaborated closely with esteemed customers including China Resources Group, China Overseas Holdings Limited and China Vanke Co., Ltd., among others. Our smart solutions served 9,273, 11,723 and 12,213 parking facilities in 2022, 2023 and 2024, respectively. With nearly 20 years of operational experience and data accumulation, we have established a proprietary intelligent data middle platform, which lays a solid digital foundation for our global AI parking training center and for our smart services and smart operations businesses.

- **Smart Services.** Premised upon our comprehensive smart solutions and leveraging our AI-driven remote, centralized management capabilities and online-offline integrated services, we offer highly efficient smart services to parking asset owners and operators. Our smart services business is designed around the core values of unattended oversight, intelligent decision-making, and intensive operations and management. We believe that our smart services establish a new paradigm in modern smart parking by reducing operating costs and boosting management efficiency for parking asset owners and operators, while also creating seamless parking experience for vehicle owners and drivers. Our smart solutions served 3,883, 4,603 and 4,890 parking facilities in 2022, 2023 and 2024, respectively.

  We spearhead the transformation of parking management from a traditional, labor-intensive, subjective experience-based approach to an intelligent, data-driven paradigm characterized by automation, standardization, and intelligence. Through our self-developed AI-native applications, such as "AI kiosk," "AI parking manager," and "AI customer service agent," we significantly reduce manpower investments and achieve remarkable improvements in parking management efficiency. For example, we use AI kiosks to remotely replace on-site personnel and employ various AI-powered functions, therefore reducing traditional labor investments from a kiosk agent to parking lane ratio of 3:1 to 1:200, where one kiosk agent can manage 200 parking lanes simultaneously. Additionally, leveraging our *YongCe Pro*, the first intelligent digitalization parking operation system in China's smart parking space operation industry, we effectively coordinate and manage multiple parking facilities to achieve optimal efficiency.

- **Smart Operations.** Drawing on extensive data, proprietary technology, and deep industry experience, we have extended our business beyond smart solutions and smart services to further innovate the operational models of parking facilities and, more importantly, elevate the asset value of urban parking through digital intelligence. We adopt a strategy combining data-driven insights and scenario-based innovation in developing our smart operations, exploring and maximizing the monetization potential spanning the entire lifecycle of a parking facility. To date, we have developed multiple innovative operational models under our smart operations business, covering parking facility operations, value-added operations, and platform operations. Our smart operations served 10,388, 13,928 and 16,846 parking facilities in 2022, 2023 and 2024, respectively, reflecting the rapid expansion and growing adoption of our operational models. Our contract operation model served 112 parking facilities with 66,480 parking spaces in 2024.

Utilizing our first-mover advantages and established digital infrastructure, we have accumulated a wealth of dynamic data of parking facilities and activities, which can be translated into operational benefits leveraging AI and big data analytics technologies. This allows us to provide highly precise operational analysis and diagnostics to identify weaknesses and deliver targeted optimization strategies, such as optimizing pricing strategies and resource allocation. Moreover, we leverage our scenario-based operations and precise traffic direction capabilities to help customers make use of their idle resources and expand their revenue streams, thereby enhancing overall asset utilization. In addition, our analysis of a daily traffic flow of 25.4 million vehicles in 2024 supports targeted marketing and customer acquisition for parking facilities. Through these efforts, our smart operations business has reshaped parking management by transforming parking facilities from mere support structures into intelligent, profit-generating businesses.

Leveraging the network effects generated by our online parking space rental platform, we are able to build an online parking resource pool and promote the collaborative growth of parking space owners and long-term parking space renters. Premised upon the data-driven insights we derive, we can effectively promote the integration of autonomous parking technologies, improving its accuracy and supporting broader parking applications.

We experienced robust growth during the Track Record Period. Our smart solutions, smart services, and smart operations are applied across a growing number of scenarios and geographical regions globally. We also have seen a notable improvement in our financial performance. Our revenue increased by 13.7% from RMB649.2 million in 2022 to RMB738.0 million in 2023, and further increased by 8.3% to RMB799.5 million in 2024. Specifically, revenue generated from our smart solutions and smart services remained steady growth, with revenue from smart solutions totaling RMB390.9 million, RMB452.6 million and RMB478.9 million in 2022, 2023, and 2024, respectively, and revenue from smart services totaling RMB174.3 million, RMB186.9 million and RMB194.7 million in the same periods, respectively. Revenue generated from our smart operations increased rapidly by 17.6% from RMB82.4 million in 2022 to RMB96.9 million in 2023, and further by 28.2% to RMB124.2 million in 2024. We had net profit of RMB12.3 million, RMB87.0 million and RMB86.7 million in 2022, 2023 and 2024, respectively, and adjusted net profit (non-IFRS measure) of RMB18.1 million, RMB89.4 million and RMB91.7 million in the same periods, respectively. See "Financial Information — Non-IFRS Measure" for a reconciliation of our profit and total comprehensive income for the year to adjusted net profit (non-IFRS measure).

MARKET OPPORTUNITY

Urban parking plays a crucial role in the urban transportation system, and its efficiency and management level have a direct impact on urban traffic flow, resource utilization, and residents' travel experience. According to the CIC Report, China is the largest country in the world in terms of vehicle parc, with its vehicle parc reaching 345.7 million by the end of 2024. In the meantime, the number of parking spaces in China was only 190.0 million, with a ratio of vehicles to parking spaces of 1:0.5, according to the CIC Report, which is well below the ideal ratio ranging from 1:1.1 to 1:1.5 pursuant to the Planning Guidelines for Urban Parking Facilities issued by the PRC Ministry of Housing and Urban-Rural Development. This gap between supply and demand is a major factor contributing to urban parking difficulties for vehicle owners and drivers. The gap between parking supply and demand, coupled with the sustained growth in parking needs in China, have jointly generated a demand for expanding parking infrastructure and optimizing the utilization efficiency of existing parking facilities, thereby propelling the development of the parking space operation industry in China. According to the CIC Report, the market size of China's parking space operations in terms of revenue is expected to continue to increase from RMB777.7 billion in 2024 to RMB1,196.6 billion in 2029, representing a CAGR of 9.0%.

According to the CIC Report, the parking sector in China is facing a number of pain points. First, there is a notable mismatch between the supply and demand of parking spaces, which leads to parking difficulties and intensified urban traffic congestion. In addition, the transition to green and low-carbon urban parking facilities is lagging behind, which hinders the overall sustainable development of urban transportation. Furthermore, many parking facilities operate under a traditional, rudimentary model and suffer from low utilization of their parking resources, which limits their ability to grow revenues and profits. As parking facilities increasingly evolve towards larger, more centralized, and more automated models, there is a growing demand for products and services that offer improved precision, efficiency, and user-friendliness. Therefore, it is imperative for the urban parking sector to go through digital and intelligent transformation. The market size of China's smart parking space operations in terms of revenue is expected to increase from RMB24.5 billion in 2024 to RMB91.9 billion in 2029, representing a CAGR of 30.3%, according to the CIC Report.

Smart parking space operations primarily encompass smart parking systems, smart parking management services, and smart parking asset operations. Currently, most smart parking space operators in China possess the capability to provide only one or two of these core segments. Among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry, we have developed a business portfolio encompassing smart solutions, smart services, and smart operations that covers the entire lifecycle of the intelligent digitalization of urban parking scenarios. This enables us to maximize parking resources, optimize the efficiency of parking facilities, and improve the parking experience for vehicle owners and drivers.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued success and set us apart from our competitors.

Leader and pioneer in the intelligent digitalization of urban parking in China, with decades of innovation track record

We are a pioneer laying the foundation for the intelligent digitalization of urban parking. Established in 2006, we are among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry, with profound first-mover advantages. Over our nearly two decades of development, we have supported numerous industry customers and accumulated extensive industry insights and experience in project implementation and management. We have constantly achieved industry breakthroughs and introduced various pioneering technologies and products throughout our development, which positions us at the forefront of digital and intelligent transformation to capitalize on the significant growth opportunities. In particular, according to the CIC Report:

- We were the first to introduce parking space availability LED indicators into the parking space guidance system in China in 2006, leading the transition from "blind parking" to the digital guidance era. Benchmark projects include Shenzhen Kexing Science Park.

- We were the first domestic player to export a complete set of parking space guidance system overseas by launching it at Northpoint City in Singapore in 2007. Benchmark projects include Kraków Airport in Poland.

- We pioneered vehicle search terminals incorporating video recognition technology in 2010, which, combined with the parking space guidance system, created an integrated video-based solution. Benchmark projects include the new headquarters of China Central Television, Al Maryah Central in Abu Dhabi and Nanjing Deji Plaza.

- We were the first to promote and apply a video-based ticketless parking fee management system in 2012 and first to enable WeChat Pay into parking fee management in 2014. Benchmark projects include Shanghai Pudong International Airport and Beijing SKP-S.

- We were the first to introduce front-mounted ultrasonic detectors with integrated detection and indication functions in 2012. Benchmark projects include Chongqing Times Center and Shanghai Pudong Costco.

- We innovated the business model to offer cloud-based remote management of unattended parking facilities in 2017, and were among the first in China's smart parking space operation industry to promote the cloud migration of parking metering core system in 2020, connecting nearly 25,000 parking facilities over the cloud at the end of 2024.

- We were the first in the industry to introduce a global parking AI training center in 2023, allowing for a tailor-made AI model for each different parking facility.

- We launched our *YongCe Pro* in 2023, which is the first intelligent digitalization parking operation system in China's smart parking space operation industry. Benchmark projects include the city-level smart parking project of Banan district, Chongqing and Zhengzhou Yinji Plaza.

Our business portfolio offers significant advantages over traditional parking management methods. Customers have seen remarkable improvements in operating costs and efficiency as well as in revenue generation. On one hand, we are able to help increase the overall traffic flow rate within parking facilities. Additionally, our customers can benefit from improved after-sales operations and maintenance efficiency, as well as faster restoration of traffic flow following on-site anomalies. On the other hand, customers can achieve an up to 60% increase in retail parking net revenue and an up to 40% increase in comprehensive revenue. Furthermore, we contribute to energy conservation and emissions reduction, supporting broader environmental protection efforts.

Our extensive industry experience, premium business portfolio and first-mover advantages have positioned us as an internationally recognized brand, attracting a growing number of renowned customers within the industry and further enlarging our market share. According to the CIC Report, our "KEYTOP (科拓)" brand and the affiliated *Speed Parking (速停車)* are among the most recognized brands in the smart parking space operation industry in terms of exposure and awareness.

Top-notch technology capabilities and technology-driven, data-oriented business insights

We have consistently viewed innovation as our growth engine and invested significantly in R&D and technological advancements. Leveraging our state-of-the-art technologies and accumulated expertise in the smart parking space operation industry, we have developed a full-stack business portfolio, which allows us to effectively outperform traditional parking software and differentiate ourselves in the competitive market landscape. Unlike software service providers, we boast comprehensive self-developed hardware and software, effectively minimizing business disruptions in integrating different vendors' offerings and ensuring the stability, security and compatibility of our systems. This grants us a distinct competitive edge in hardware-software integration scenarios. Moreover, as an integrated parking industry group with diverse business models and extensive operational resources, we continuously accumulate experience and gather customer demands through parking asset operation projects to iterate our software systems. In the meanwhile, we are better positioned to quickly respond to the evolving customer demands with our value-added operations services, thereby reinforcing our collaboration with customers.

Specifically, our in-house R&D efforts have yielded multiple industry-leading products:

- We have launched the first-in-kind intelligent digitalization parking operation system in China's smart parking space operation industry, our *YongCe Pro*, which has achieved commercialization application rapidly. *YongCe Pro* differentiates itself from traditional parking software that focuses on basic parking tasks by providing comprehensive enterprise resource planning and customer relationship management functionalities, thereby addressing the unmet needs for the digital and intelligent transformation of parking management and operations. Moreover, *YongCe Pro* addresses the demands for data capabilities in coordinating multiple parking facilities at optimal costs. With its built-in data models and management methodologies, customers can significantly reduce their management costs.

- We have developed two core AI-native applications, i.e., "AI kiosk" and "AI parking manager," to assist parking facility owners and operators in promoting centralized management and building modern unmanned parking facility models. By connecting parking facilities nationwide to our cloud command center, we use AI kiosks to remotely replace on-site personnel and employ various AI-powered functions, such as pre-processing, instant intelligence response, remote command and big data diagnostics, to reduce traditional labor investments from a kiosk agent to parking lane ratio of 3:1 to 1:200, where one kiosk agent can manage 200 parking lanes simultaneously. This significantly reduces labor costs and enhances our competitiveness. We also employ AI parking managers to handle complex issues such as customer complaints, traffic congestion, car accidents and equipment failures. In addition, we equip AI parking managers with functions including intelligent inspections, automated failure alerts and an intelligent work order scheduling system with dynamic resource allocation. This drastically reduces both on-site and back-end management costs while improving operational efficiency.

Our robust technological capabilities and integrated control over our offerings enable various tailor-made solutions and optimal operational efficiency. We perform the entire design, development and production process of our smart parking offerings in-house, encompassing intelligent hardware design, image recognition and other core algorithm development, software development and operational deployment. This holistic approach allows for closed-loop control over hardware, software to application layers, enabling us to effectively manage our costs and closely supervise all production stages with prompt and thorough quality assurance. By refining our full-stack smart parking offerings, we are able to swiftly respond to and fulfill customized requirements for various enterprises, such as offline billing and payment processing, and collection on vehicles that evade parking fees through tailgating, therefore providing a compelling advantage in functionality and performance over single-product solution providers. Our cloud-native platform, by leveraging the platform architecture and plug-in modules, supports not only high availability and concurrency but also the diverse needs of each individual parking facility. Building on this platform and leveraging vast amounts of parking data and photos, we have established our own parking AI training center, which allows us to upgrade the front-end camera algorithms in real time to adapt to different scenarios. For example, our camera algorithms can be rapidly adapted to recognize license plates of different countries and regions, such as dual license plates in the Greater Bay Area, civil aviation plates, bilingual plates in the Middle East, etc., and scenarios involving tailgating, reversing and pedestrian intrusions, allowing for a tailor-made AI model for each different parking facility in different international markets.

We have developed a widely recognized platform that supports 300 million vehicles and manages an impressive daily traffic flow of 25.4 million vehicles in 2024. We served over 34,000 parking facilities during the Track Record Period. Leveraging our deeply rooted expertise in the industry and data technologies, we extract valuable data insights into operations and industry trends, to guide our future development. We have established a proprietary intelligent data middle platform specific to the parking space operation industry by annotating and cleansing millions of parking data to train our AI decision-making models with cross-scenario adaptability, therefore empowering parking facilities to operate on data-driven insights. Based on a dynamic parking behavior and parking facility characteristic matching algorithm, we are able to customize an off-peak dynamic pricing strategy for commercial complexes to improve parking efficiency while providing city administrators with ancillary services such as simulation and planning for new energy vehicle parking layout. Our platform aggregates cross-scenario parking data, to constantly inform and evolve its capabilities. We continuously feed and iterate our data engine with both consumer-side user data and business-side parking facility data. This allows the data engine to effectively evolve from solving specific issues, solidifying industry insights, to validating scenario applications, and to exploring innovative business opportunities. As more users and parking facilities join our platform, we are well positioned to redefine the digital boundaries of the parking space operation industry.

First mover in closed-loop lifecycle management with industry-leading service level

As a leader in the digital and intelligent transformation of parking scenarios in China, we have been deeply involved in the industry for nearly 20 years, which gives us valuable insights into market trends and customer needs. Premised upon that, we have innovated a closed-loop service protocol covering the entire project lifecycle from business initiation to on-going maintenance and operations with industry-leading service level.

When a contract is signed, our system automatically initiates the project lifecycle management process, providing comprehensive information tracking alongside. Customers can gain real-time visibility into key project milestones, including contract execution tracking, logistics details, construction timelines and acceptance status. This visibility allows customers to closely monitor their projects and provide timely feedback for any necessary adjustments, ensuring seamless project execution. Once the system is officially delivered for use, we offer management tools tailored to the authorizations and responsibilities of decision-makers at different levels, such as executives, financial personnel, parking facility operational teams, which in turn include customer service representatives, technical staff and operational personnel, and parking facility management teams, including project managers and on-site security inspectors. As such, we are able to facilitate centralized, digital, mobile and visualized management to drive cost reduction and enhance efficiency for our customers.

We have developed a tiered service structure to cater to the diverse needs of our customers, thereby driving customer satisfaction and retention. For customers who receive premium customer services with elevated standards and service requirements, we assign dedicated customer service personnel to attend to their needs with targeted solutions. For our broader customer base, our intuitive, user-friendly systems and applications and reliable hardware products, combined with an omni-channel network of remote and on-site customer services, allow us to deliver after-sales service experience that far exceeds expectations.

Specifically, our bilingual, 24/7/365 online and phone support system features instant responses, remote command and cloud-based diagnostics. Leveraging our intelligent work order scheduling system, we can allocate customer service requests to the nearest service centers and personnel within seconds. For customers with premium customer services, we provide regular on-site inspection and maintenance and ensure a maximum response time of 30 minutes with dedicated teams reaching the site within two to four hours for customers, supported by a warehouse of readily available hardware parts. As such, we are able to promptly resolve on-site anomalies and restore the normal operations of parking facilities, therefore minimizing downtime and safeguarding the proper, continuous functioning of critical assets. For parking facilities across over 60 overseas countries and regions, we also enable remote troubleshooting and emergency response suggestions that cover most of the on-site issues. Furthermore, our predictive maintenance system leverages data generated from on-site hardware to build AI analysis models, enabling regular health assessments of parking facilities and proactive alerts for potential failures. This shift from reactive to proactive maintenance enhances the utilization and efficiency of parking facilities, allowing for ongoing operational refinement through data-driven insights.

Robust commercialization capabilities underpinned by full-stack, cross-scenario business portfolio and highly flexible and scalable business model

Our industry-leading, full-stack business portfolio covering smart solutions, smart services and smart operations and highly flexible and scalable business model position us well to intelligently upgrade individual parking workflows and specific parking scenarios, and most importantly, to seamlessly integrate resources across different contexts. With our smart, interconnected network of parking assets, we are allowed to enable smoother parking experience and more intelligent management and operations, facilitating the digital and intelligent transformation of the parking space operation industry. We have also been able to continually scale up our business and replicate our success in ever-expanding use cases. Approximately 40% of the parking facilities we served during the Track Record Period utilized more than one of our three business lines of smart parking offerings, demonstrating our cross-selling and up-selling capabilities.

Leveraging our advanced AI technology and smart, interconnected network, we enable seamless connection and efficient collaboration among enclosed parking facilities, on-street parking spaces, and parking facilities of different sizes across diverse industry verticals. To date, we have successfully addressed the intelligent development and upgrade needs across a wide range of scenarios, including large-scale commercial complexes, office buildings, residential communities, public facilities, hotels, scenic destinations, schools, hospitals and logistics parks, positioning us as a leading player in China in the diversity of vertical scenarios covered, according to the CIC Report. Drawing on our decades of expertise in urban smart parking, we are also highly adaptable to thoroughly understand the personalized and diverse needs of our customers and address them with targeted solutions that effectively reduce the costs for digital and intelligent transformation. For example, we provide intelligent digitalization solutions tailored to the entire lifecycle of parking facilities from development, management to operations. For customers that need the design or upgrade of their existing parking facilities, we engage early to offer consultation that optimizes their key parking equipment and layout planning, such as parking layout, space allocation and driveway design. We also put forward preliminary plans and recommendations for the installation of parking equipment during the development phase, aiding in the comprehensive planning of parking facilities while also bringing in more business opportunities for ongoing intelligent management and operations services. For customers with established parking facilities, we conduct a thorough analysis to understand their present-day operations, pain points and unmet needs and carefully consider how to best achieve digital and intelligent transformation by integrating our services.

We offer a progressive business portfolio in a modular approach, where customers can mix and match based on their specific needs, thus facilitating seamless digital and intelligent transformation while avoiding extensive modifications. Specifically, by utilizing a combination of standardized hardware and modular software, we can flexibly and quickly respond to customers' personalized and diverse needs. Standardized hardware helps us avoid the complexities and high costs in configuring hardware specifications, while the modular software design adapts easily to customer requirements and local parking standards, allowing for continuous software upgrades. This approach significantly shortens our delivery cycle while maintaining customization costs at a relatively low level, which also translates into direct cost savings and operational agility for our customers. Furthermore, we support the seamless integration with our customers' legacy hardware and software systems, to minimize transformation costs.

Visionary and experienced management team with high-caliber personnel

Our success is led by a visionary and experienced management team in relentless pursuit of the intelligent digitalization of urban parking. Their expertise in AI, data processing and system architecture design, in-depth industry acumen, and extensive managerial and operational skills, have positioned us at the forefront of the rapidly evolving industry landscape.

At the helm is our founder, chairman of the Board and chief executive officer, Mr. Sun Longxi (孫龍喜), a leading figure in China's smart parking space operation industry. With over 20 years of experience in R&D and industrialization of smart parking technologies, Mr. Sun has transformed our Company into a leading technology platform, leveraging AIoT and big data to empower urban parking management and seize the significant growth opportunities. Mr. Sun's contributions have earned him numerous accolades from industry participants and government authorities, including recognition as an expert in the National Science and Technology Expert Database (國家科技專家庫) and as a Class A High-level Talent (高層次人才) in Fujian province. In addition, Mr. Sun has been enlisted in the Innovation Talent Advancement Program (創新人才推進計劃) by the Ministry of Science and Technology, and recognized as a leading talent in the "Double Hundred Plan" ("雙百計劃"領軍人才) of Fujian province. Mr. Sun has been awarded the Science and Technology Progress Award (科技進步獎) of Xiamen city twice. He is also a member of the Internet of Things Committee of the All-China Federation of Industry and Commerce (全國工商聯物聯網委員會).

We value talents as a key success factor in solidifying our competitive edge. We have a deep-bench R&D team with 204 members as of December 31, 2024. The management personnel of our R&D team have an average experience of over 10 years in R&D. They bring a wealth of theoretical and practical knowledge across various fields, including AI, big data, IoT, mobile application development, and system architecture design. In addition, the members of our R&D management team have extensive experience in project management and R&D team leadership. Their diverse backgrounds and specialized skills contribute to the strength and innovation of our R&D initiatives. We have established a comprehensive talent program to nurture and retain the best talents. We believe the robust backgrounds and collective experience of our employees will continue to drive our sustainable growth.

GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Continue to invest in R&D and intelligent technologies and expand our talent pool

We will continue to invest heavily in R&D while aligning our efforts with industry trends to further enhance our R&D capabilities. Focusing on our core business, we will enhance our portfolio of proprietary technologies related to AI and its applications, prioritizing innovative products and technologies with substantial growth potentials. This will allow us to expand our business portfolio and customer base, ultimately increasing our market share and strengthening our competitiveness.

We strive to uphold the integrity of our proprietary technologies by developing smart parking technologies in-house and minimizing our reliance on external suppliers, in order to maintain our control over core technological capabilities and ensure rapid technology iteration. Therefore, we will continue to focus on building core competencies around image recognition algorithms, hardware (such as cameras and sensors), software and infrastructure, and assemble dedicated R&D teams. This will guarantee that the overall performance of our smart parking offerings remains at the forefront and solidify our market competitive barriers. Furthermore, we aim to expedite the comprehensive development of our cloud-native parking platform to improve its performance and adaptability. We will focus our investments on the computational infrastructure and R&D teams required for establishing a global AI training center dedicated to parking, to further develop its intelligence. In addition, we will focus on developing our parking space rental platform, to effectively bridge together the supply and demand sides of parking assets and optimize resource allocation in the industry. We will also leverage the operating data and customer feedback from parking facilities to construct a data-driven iterative mechanism for scenario-specific functions, thereby improving response efficiency and user interaction experience on the platform.

We plan to increase our investments in AI to drive the large-scale commercial application of AI technologies in parking scenarios. In particular, we will focus on AI applications in cross-scenario operations to enhance operational efficiency, commercial value and risk control. First, we will work on cost reduction while improving efficiency by deepening AI applications and deploying a multi-modal decision-making AI agent cluster, which includes AI kiosk, AI parking manager, AI parking scheduling personnel and AI customer service agent. We will establish a knowledge base for multi-parking facility management and a closed-loop management process to streamline the application and collaboration capabilities of our AI agents, thereby reducing manpower investments and improving overall management efficiency. Second, we seek to elevate commercial values by empowering parking asset operations through an AI-driven operational analysis hub. By leveraging AI in comprehensive, in-depth analysis of parking related operating data and continuously refining AI capabilities, we will help formulate more commercially viable operational strategies and effectively extend the value chain. Lastly, we will establish an intelligent risk control network to safeguard business continuity. Through AI-based operational management, we will significantly reduce operational workloads and enhance system stability, while also monitoring and alerting operational risks to ensure timely and effective risk response throughout the entire lifecycle of parking operations.

We will continually strengthen our talent system, to create a stable, robust and in-depth talent pool that aligns with our growth strategy. We intend to establish a comprehensive talent management mechanism that spans the entire lifecycle of recruitment, training, incentivization, and evaluation to enhance employee cohesion and sense of belonging. Specifically, we plan to intensify our efforts in recruiting high-caliber, multi-disciplinary technological talents, especially those experienced in intelligent technologies and emerging industry sectors, such as AI algorithms and foundation models. We also plan to actively seek and recruit international talents while fostering employees with a global perspective and cross-cultural communication skills, so as to improve their adaptability and efficiency in diverse cultural environments and enhance our overall international competitiveness. Additionally, we will develop training programs that cover various functional teams, including technological, management and marketing teams.

Deepen our smart operations business and tap into markets with huge market potentials

We are committed to advancing our smart operations business to explore new opportunities and enlarge our market share. Our aim is to empower parking asset owners and operators with operational solutions that are more targeted, convenient, efficient and comprehensive. Premised upon our full-stack business portfolio and service capabilities, we also aim to design and validate more sophisticated, flexible and adaptable operation models.

We will remain highly attuned to market demands and technological advancements, continuously developing innovative products and services that enhance parking convenience and safety while ensuring our competitive edge in the evolving industry landscape. We also seek to enhance our operational capabilities by increasing investments in intelligent digitalization. With intelligent vehicle recognition and access management, dynamic balance of parking supply and demand and data-driven precision services based on user profiles, we plan to strengthen the intelligent digitalization of parking assets to generate sustainable returns. Furthermore, we aim to expand our business portfolio through technology and innovation. For example, we will explore the application of AI-native agents in parking facilities, promote an ecosystem centered around our parking space rental platform to effectively elevate the utilization of parking assets. In addition, we seek to improve the availability and accuracy of autonomous parking by integrating it with our massive parking networks and data-driven insights, therefore advancing cutting-edge technologies in broader parking applications. We will also advance the commercialization of innovative solutions to capitalize on the burgeoning market opportunities.

We aim to establish sustainable relationships with parking facilities of different types, sizes and development stages, and to gradually reinforce our collaboration. We plan to partner with a wide array of parking asset owners to maximize asset returns while maintaining our leading position in China's smart parking space operation industry. On one hand, we will actively promote our validated collaborative operation models, such as contract operation, off-peak usage collaboration and value-added operation including parking voucher collaboration and charging station collaboration, to help customers increase the utilization of idle resources and expand their revenue streams. On the other hand, we will explore the commercial values of our intelligent products and services in unlocking data value, enhancing user experience and streamlining overall industry operations, to further solidify our unique advantages in the market.

We intend to continue to uncover and address the pain points and needs of parking asset owners throughout their operational phases. By providing targeted operation models and efficiently allocating parking resources and funds managed under our contract operation model, we will vigorously expand the scale of our contract operation and increase our market share in this regard.

Strengthen our marketing network and enlarge our customer base

We aim to continuously strengthen our marketing network to enhance our brand influence and explore more business opportunities. Specifically, we intend to promote strategic collaboration with key industry participants as well as to host or participate in industry events and conferences, with a view to increasing our visibility in the industry and growing our market share.

We will keep growing our customer base and reinforcing our collaboration with existing customers. Specifically, we will strategically target lower-tier cities that lack smart parking solutions. Leveraging our highly flexible and scalable business model, we also aim to replicate and extend our success to a growing list of industry verticals. By helping more potential new customers achieve the digital and intelligent transformation of their parking management and operations, we will be able to effectively scale up our business. Moreover, we have formed a product-oriented growth strategy to continuously identify and address the evolving customer needs with our full-stack, synergistic business portfolio. We believe we can deepen our market penetration by capturing more cross-selling and up-selling opportunities from existing customers, ultimately increasing their use of all of our offerings. We place a strong emphasis on understanding and exploring the diverse needs of our key customers. Our objective is to facilitate the ongoing intelligent digitalization of urban parking for these key customers and to collaboratively launch benchmark projects that have breakthroughs and serve as exemplars in the industry. By doing so, we can enhance loyalty among our key customers while improving our visibility in the industry, thereby attracting more customers and achieving greater economies of scale.

Extend our global outreach and expand our global presence

We are committed to global expansion and intend to step up our efforts to explore and capture the fast-growing opportunities in the global smart parking space operation industry. Currently, we are strategically focusing on serving the emerging markets, including Southeast Asia and the Middle East. We plan to leverage our accumulated advantages in product portfolio, technological capabilities and brand recognition, to exploit the significant growth potentials of these untapped markets, increase our market penetration and replicate our success in the China market. In the medium to long term, we also plan to enter into more established overseas markets.

To that end, we will further deepen our collaboration with our existing customers who have cross-border operations and/or are multi-national corporations. By entering into strategic collaboration agreements, we will strengthen our ties with these customers in their overseas businesses, in order to rapidly establish our global presence and solidify our market leadership. Furthermore, we strive to further penetrate into the local markets and best accommodate the needs of local customers by establishing branch offices in Southeast Asia and the Middle East, assembling localized teams well-versed with the business practices and environments of the target regional markets, and ultimately building a more comprehensive global service network. In addition, we will partner with business partners in the local markets to leverage their customer resources and implementation experiences. By combining their strengths with our technological capabilities and market adaptability, we seek to explore new business models and achieve sustainable growth. Furthermore, we seek to actively enhance our brand awareness by showcasing our achievements in unattended payment, centralized management, and precision operational management through various overseas industry events and conferences. In this way, we will be able to promote the benefits of intelligent digitalization of urban parking scenarios and effectively cultivate potential customers' interest in our products and services.

We will evaluate acquisition opportunities in companies with established sales channels and brand presence in the global market. Through these acquisitions, we aim to integrate their talents, resources and competitive advantages into our business ecosystem, enabling synergistic development and strengthening our overall market competitiveness. Additionally, we may consider investing in and acquiring companies with valuable data sources that have commercial potential to enhance our data capabilities and address a broader range of customer needs. As of the Latest Practicable Date, we had not identified any potential target company for investment or acquisition.

OUR OFFERINGS

We are deeply engaged in driving the intelligent digitalization of urban parking. Building on our strategic focus on technology and operations, we have developed our full-stack, cross-scenario business portfolio covering smart solutions, smart services and smart operations to empower the intelligent digitalization of every aspect of parking facilities and activities. We support the diverse needs of both parking asset owners and operators and the broader parking space operation industry. We served over 34,000 parking facilities during the Track Record Period, across a wide range of vertical scenarios, including large-scale commercial complexes, office buildings, residential communities, public facilities, hotels, scenic destinations, schools, hospitals, and logistics parks.

Serving as the core infrastructure of our smart parking offerings, *YongCe Pro* is designed to streamline operations across multiple parking facilities with a wide range of enterprise resource planning and customer relationship management functions essential for modern parking operations. Leveraging the infrastructure, we enable comprehensive, real-time visibility of each parking facility, allowing operators to standardize procedures and reduce operating costs, ultimately driving intelligent digitalization of parking business management. Specifically, the platform consolidates operating data, such as occupancy rates, parking fee collection and gate control logs, into a single, user-friendly interface. Through integrated AI technologies, we are able to proactively diagnose potential issues and send automated alerts, minimizing downtime and the need for on-site interventions. More importantly, we enable immediate insights into traffic patterns, revenue trends and peak usage periods, enabling parking facilities to refine their pricing, and allocate staff and resources strategically. We can also identify operational inefficiencies and highlight opportunities for improvements. In addition, with our platform, parking asset owners and operators can swiftly roll out uniform rules, from dynamic pricing models to security protocols, across multiple parking facilities with just a few clicks. This streamlined approach not only reduces errors but also accelerates decision-making and promotes organizational cohesion. With its cloud-based microservices architecture, our platform encompasses broader business functions beyond pure parking management, including financial management, personnel management and asset management. The flexible, modular architecture of our platform also allows operators to incorporate additional functionalities, such as electric vehicle charging, membership systems and customized promotions, without costly overhauls. Our platform can also integrate with customer's existing information systems, to facilitate real-time collaboration and data interchange in a seamless manner.

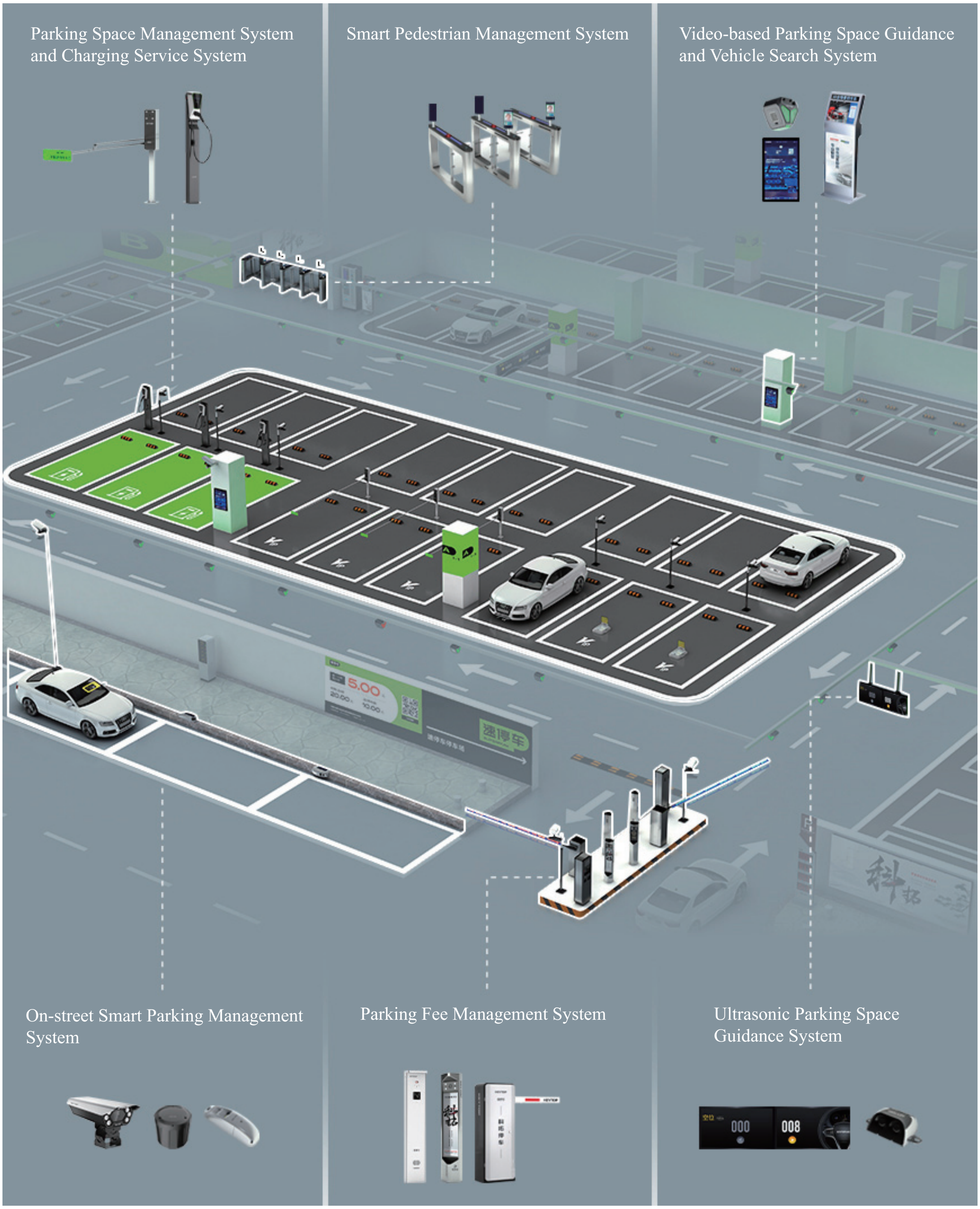
Building upon our technological infrastructure and industry accumulation, we have been able to continuously expand our customer base and revenue streams. We served over 34,000 parking facilities during the Track Record Period. The following table sets forth a breakdown of our revenue by business line during the Track Record Period.

	Year ended December 31,					
	2022		2023		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)					
Smart solutions	390,859	60.2	452,568	61.3	478,876	59.9
Smart services	174,339	26.8	186,853	25.3	194,726	24.4
Smart operations	82,364	12.7	96,873	13.1	124,227	15.5
Others	1,668	0.3	1,721	0.3	1,682	0.2
Total	**649,230**	**100.0**	**738,015**	**100.0**	**799,511**	**100.0**

Smart Solutions (數智化解決方案)

Leveraging IoT, mobile payments, big data and AI technologies, we have developed comprehensive smart solutions covering enclosed parking facilities, on-street parking spaces, pedestrian management and multi-parking facility management. With our integrated smart solutions comprising intelligent hardware, cloud-based software systems and user-end applications, we enable end-to-end intelligent digitalization of parking facilities across a diverse range of parking scenarios. Particularly, our offerings include standardized hardware and software systems paired with customized functionality development services to adapt to specific customer needs, therefore enabling rapid deployment at optimal costs. Additionally, we provide an online-offline integrated technical support system, ensuring reliable and stable parking performance for our customers.

The following chart illustrates the major products and systems as well as the application scenarios of our smart solutions.



We served 9,273, 11,723 and 12,213 parking facilities with our smart solutions in 2022, 2023 and 2024, respectively.

End-to-end Smart Solutions for Enclosed Parking Facilities (封閉車場端到端解決方案)

Our end-to-end smart solutions for enclosed parking facilities encompass every step of the parking process, from entering and parking to payment and exit, with the following major products. Specifically, we offer parking fee management system, ultrasonic parking space guidance system, video-based parking space guidance and vehicle search system, parking space management system, and charging service system.

Parking fee management system (停車收費管理系統)

Our parking fee management system offers a comprehensive, user-centric platform for overseeing every step of the parking payment process. Combining advanced hardware, intuitive software and multiple payment methods, this solution supports operators in effectively managing daily fee collection while enhancing convenience for users. Its adaptable design accommodates a wide range of parking settings, including commercial complexes, residential communities, and large-scale public garages.

At its core, our parking fee management system streamlines operations from a vehicle's entry to final payment and exit. Through seamless integration with access control equipment, such as barrier gates and license plate recognition cameras, the system automatically calculates parking fees based on duration and pre-set rates. Users benefit from a smooth payment experience, made possible through self-service kiosks, mobile apps, and other convenient channels. Reflecting the diverse preferences of modern users, our parking fee management system accommodates various payment methods, including cash, credit cards, QR codes and dedicated mobile payment platforms. It also supports stored-value accounts and membership-based billing, enabling operators to design customized strategies, such as tiered pricing, rewards programs or loyalty discounts, for different market segments.

Our parking fee management system provides operators with a real-time dashboard for tracking fee collection, transactions and occupancy levels across multiple sites to optimize operational efficiency. These analytics generate insights into peak usage periods and payment trends, allowing operators to refine their pricing models, allocate staff strategically, and identify opportunities for revenue growth. With accurate data at their fingertips, decision-makers can adapt quickly to evolving customer demands and market conditions.

In addition, engineered to integrate smoothly with existing parking infrastructures, our system easily links with a variety of hardware interfaces, ranging from license plate recognition devices to handheld payment terminals. Cloud-based deployment further simplifies system upgrades and maintenance, making it straightforward for operators to expand into new sites or scale up in existing facilities. By focusing on interoperability and flexibility, our system ensures a future-proof framework suited to the ever-changing needs of modern parking management.

Ultrasonic parking space guidance system (超聲波車位引導系統)

Our ultrasonic parking space guidance system is designed to tackle the common parking challenge in finding available parking spaces. It integrates ultrasonic detection technology into parking scenarios to enhance parking experience by avoiding unnecessary cruising and congestion optimize parking space utilization and improve overall management efficiency.

Specifically, our system utilizes ultrasonic detectors to detect a parked vehicle or an available parking space, and conveys the availability status to users using an intuitive LED indicator that turns red when the space is occupied and green when it is available. To ensure timely updates, these detectors check the occupancy status of each parking space every five seconds, providing real-time accuracy. The detectors and LED indicators are also easy to install, significantly reducing the costs associated with digital transformation for parking facilities.

Our system transmits real-time parking data via communications technology, to a centralized management platform. Through a series of data processing, the number of available parking spaces along with directions intuitively display on the guidance screens, ensuring that users can quickly locate available parking spaces. To further optimize deployment costs and meet the complex environmental requirements of outdoor parking facilities, our system incorporates LoRa wireless communications technology. As a mainstream of IoT technique, LoRa features long-range communications, low power consumption, and strong anti-interference capabilities, enabling parking facilities to save on complex wiring construction costs, accelerate project delivery, and precisely cater to the needs of outdoor parking environment. By adopting our ultrasonic parking space guidance system, our customers can reduce their reliance on manual personnel for parking assistance, leading to a better user experience, lower operating costs and a more streamlined management process.

In addition, our system allows parking facility operators to query real-time data on parking space occupancy status, so that they can track parking space utilization and optimize their parking resources, ultimately boosting profitability.

Video-based parking space guidance and vehicle search system (視頻反向找車系統)

Our video-based parking space guidance and vehicle search system is an intelligent system designed to streamline the parking process from finding available spaces to locating one's vehicle upon return. By integrating intelligent video analytics with license plate recognition, our solution delivers real-time visibility of available spaces and guides users to the nearest available spaces efficiently, and assist users to find their vehicles when returning. As a result, it not only improves traffic flow within parking facilities but also significantly enhances user satisfaction.

Our video-based parking space guidance and vehicle search system features the use of high-definition cameras and intelligent video analysis. Each camera monitors multiple parking bays simultaneously, capturing data on whether a space is occupied or available. Real-time updates are then transmitted to digital signage and in-app navigation, ensuring that users are directed to available spaces promptly. In addition, the system's license plate recognition technology streamlines the entry and exit process, reducing bottlenecks at gates and minimizing manual intervention. Moreover, our video-based parking space guidance and vehicle search system enables users to quickly locate their vehicles upon return. Users can simply enter their license plate numbers into a kiosk or a mobile application to receive step-by-step directions back to their parked vehicles. This eliminates the frustration of wandering around large garages and ensures a smooth, hassle-free experience.

By optimizing parking space occupancy and expediting vehicle turnover, our video-based parking space guidance and vehicle search system delivers clear benefits for both parking operators and end users. Parking facilities can dramatically improve operational efficiency and boost revenue potential through better management of available spaces. Meanwhile, users appreciate the convenience of real-time guidance and the ease of locating their vehicles, fostering a positive and welcoming experience every time they visit.

Parking space management system (車位管理系統)

Our parking space management system is a comprehensive solution aimed at delivering real-time control over every aspect of parking operations. By integrating advanced hardware, software and analytics, it enables parking facilities to efficiently manage their spaces, reduce traffic congestion, and enhance overall user satisfaction. The system can be adapted to a wide range of scenarios ranging from small, privately owned parking lots to large-scale public garages, allowing it to meet diverse operational requirements.

Our parking space management system features real-time monitoring capabilities. Leveraging advanced sensor networks and license plate recognition, the system provides accurate, instant updates on space availability, and enables unmanned, advanced management features, such as parking space reservations and priority parking space protection. The system also emphasizes robust data analytics and reporting. By capturing details on everything from vehicle inflow and outflow to peak usage periods, our parking space management system helps operators gain valuable insights into operational patterns. These insights can be used to fine-tune pricing strategies, schedule staffing more effectively, and set up targeted promotions, ultimately driving revenue growth and ensuring a more efficient, streamlined operation.

Moreover, our parking space management system can seamlessly integrate with our other systems implemented in parking lots, such as the payment management system, the parking guidance and vehicle search system and the charging service system. As such, it significantly enhances parking management efficiency and meets the diverse requirements of various types of parking facilities.

Charging service system (充電系統)

Our comprehensive one-stop solution integrates charging station construction, equipment supply, platform development, standardized construction, material deployment, and parking space management. We provide charging stations with advanced features and a variety of types. For example, we offer charging stations that support fast or slow charging modes. Our charging service system offers flexible integration options tailored to diverse usage scenarios, ensuring that customers' specific needs are met. With our software management platform, it enables seamless online connectivity for every parking space, allowing for precise and refined management. Additionally, we have established a comprehensive service system that spans pre-sales, sales, and after-sales, delivering thorough support to our customers. As a result, this system offers real-time remote monitoring, intelligent management, safe and reliable charging, and a highly convenient user experience.

On-street Smart Parking Management System (路內停車收費系統)

Our on-street smart parking management system is designed for urban roadside parking, addressing the critical need for efficient supervision and management of on-street parking spaces. By integrating real-time data monitoring, intelligent sensor technology and convenient payment functions, the system effectively addresses the core challenges of on-street parking, such as limited space availability, traffic congestion and revenue leakage. By providing a seamless parking experience for users while boosting operational efficiency for city administrators, we help transform roadside parking spaces into a more organized, user-friendly resource.

Our on-street smart parking management system utilizes a combination of sensors, cameras and license plate recognition. These tools work together to detect vehicle occupancy and automatically track parking durations, minimizing the need for manual oversight or enforcement.

The system integrates with mobile payment platforms, allowing users to complete transactions quickly using QR codes, mobile apps or other digital methods. Additionally, real-time data on parking availability is displayed via dynamic signage and mobile applications, guiding users to available spaces and reducing the time spent circling for a space.

For city administrators and parking operators, our system delivers robust back-end management tools. Real-time alerts and automated notifications help detect overstays and violations, ensuring consistent compliance and fairness of parking activities. Beyond day-to-day management, our system also generates valuable analytics on parking patterns and user behaviors. These insights enable municipalities and operators to optimize dynamic pricing models, deploy targeted policy updates and make informed infrastructure investments. Designed with scalability in mind, our system can easily be expanded or integrated with emerging technologies, such as electric vehicle charging stations or AI-based traffic guidance, ensuring that on-street parking remains both flexible and future-proof.

Smart Pedestrian Management System (人行管理系統)

A large portion of our existing customers, particularly those of great strategic importance, also have needs for pedestrian management. In response to their rising needs for smart community development and management, we have launched our smart pedestrian management system to provide efficient, safe and reliable digital community services for residents, property managers and communities, realizing efficient and secure control. This system integrates computer image processing technology with the principles of biostatistics and extracts facial feature points from video footage. Through the integration of facial recognition terminals, central management consoles, administrative computers, access gates and magnetic locks, this system creates a smart access control framework, digitizing day-to-day operations and unifying identity verification. Additionally, the access control and turnstile subsystem of our smart pedestrian management system incorporates card-based access, QR code entry, and facial recognition. Depending on specific application needs, our customers can opt for individual systems or a combined multi-system management model.

Multi-parking Facility Management System (多車場管理系統)

Our multi-parking facility management system is designed to meet the modern needs of managing multiple parking facilities in an integrated manner, including both enclosed parking facilities and on-street parking spaces. By seamlessly connecting these different types of parking environments, this system allows for better resource allocation, streamlined operations and optimized management across different parking facilities.

In particular, our multi-parking facility business intelligence platform offers the capability to manage multiple parking facilities from a single interface. At its core, this innovative platform aggregates and visualizes parking data across multiple facilities, in order to enable comprehensive data analysis and empower decision-makers with actionable insights. Moreover, our platform integrates data from all associated parking facilities to establish uniform data standards and features advanced analysis tools to uncover valuable insights behind data. This allows for efficient monitoring and precise analysis of critical metrics such as traffic flow and revenue.

In response to the trends towards digital and intelligent transformation, we have launched our *YongCe Pro*, which has evolved from the multi-parking facility business intelligence platform with centralized data visualization into a fully integrated digital business management platform that combines enterprise resource planning and customer relationship management. We have also developed AI-native applications to assist parking facility owners and operators in promoting centralized management and building modern unmanned parking facility models. While they serve as effective tools for us to manage and operate the parking facilities with optimal manpower investments and operational efficiency for our smart services and smart operations, parking asset owners and operators can purchase them on a standalone basis to facilitate their own businesses. See "— Our Offerings" for details of our *YongCe Pro* and "— Our Offerings — Smart Services" for details of our AI-native applications.

Case Study for Smart Solutions

Wuhan MixC, a benchmark commercial complex developed by China Resources Group, encompasses a high-end shopping mall, a shopping street, four residential buildings, and two Grade A office buildings. Given its massive scale, the project encountered significant parking challenges, including a complex layout with multiple access points, 19 lanes and over 3,300 parking spaces, resulting in navigation difficulties and congestion during peak hours. Additionally, the expansive parking area made it hard for users to find available spaces and locate their vehicles upon return.

To tackle these issues, we implemented our advanced smart solutions. Through comprehensive analysis of the dynamic traffic of the parking facility, we installed congestion alert systems at the T1 and T2 exits, featuring 27 congestion indicator screens to provide real-time traffic updates. This multi-display coordination enables users to receive timely information about lane congestion, facilitating better decision-making. To further enhance the parking experience, we introduced a vehicle search system, allowing users to locate their vehicles via in-parking terminals or the Bluetooth feature on their smartphones and receive the shortest route to their vehicles. Our collaboration with a major mapping service provider in China also leads to the integration of parking navigation and indoor AR walking navigation, enabling a comprehensive smart parking service from searching for available spaces before entering, navigating to the parking spaces, and to locating vehicles when leaving. As a result, Wuhan MixC has become the first shopping mall in Central China to offer precise navigation directly to parking spaces, significantly alleviating traffic congestion and improving the overall shopping experience.

Smart Services (數智化管理)

We offer highly efficient smart services to parking asset owners and operators, designed around the core values of unattended oversight, intelligent decision-making, and intensive operations and management. We have transformed traditional, labor-intensive, subjective experience-based parking facility management to an intelligent, data-driven paradigm by reducing operating costs, boosting management efficiency and enhancing the overall parking experience for users.

Under our smart services, we offer two main service models for our customers, for both parking lanes and entire parking facilities. Our customers can elect to entrust the individual lanes of their operated parking facilities to us for management. Under this model, our primary focus is to help customers address all lane-related needs, such as access control and parking fee management, while the customer pays us a monthly service fee. With our smart services, our customers can significantly cut labor costs, enhance management efficiency and effectively eliminate revenue leakages on site. Customers can achieve an up to 60% increase in retail parking net revenue and an up to 40% increase in comprehensive revenue. Our customers can also utilize our management services for their entire parking facility, where our service scope includes, in addition to the above-mentioned, monthly parking pass processing, handling customer inquiries, on-site management, business operations, as well as the hiring and supervision of third-party personnel. In this way, we help customers manage and operate their parking facilities comprehensively. We either charge customers a fixed service fee or adopt a revenue-sharing model, where we collect a fee based on a predetermined percentage of the parking facility's revenue or other performance indicators. Our customers in our smart services business generally retain the operational management rights.

In offering our smart services, we leverage our smart parking hardware products to facilitate the management of our customers' parking lanes and facilities, ensuring smooth operations at optimal efficiency and costs. We believe that the use of intelligent tools during the course of our smart services has also greatly improved our operational efficiency. Leveraging our *YongCe Pro*, the first intelligent digitalization parking operation system in China's smart parking space operation industry, we effectively coordinate and manage multiple parking facilities to achieve optimal efficiency. Furthermore, through our self-developed AI-native applications, i.e., "AI kiosk," "AI parking manager" and "AI customer service agent," we drive the intelligent digitalization of traditional parking facilities:

- ***AI Kiosk (AI崗亭).*** Our AI kiosks, delivered through a cloud-based centralized architecture, enable seamless remote oversight and management of multiple parking facilities across various regions. The AI kiosks capable of remote oversight can effectively replace on-site personnel, enabling centralized management and reducing traditional labor investments from a ratio of 3:1 to an industry leading-level of 1:200 by employing various AI-powered functions, such as pre-processing, instant intelligence response, remote command and big data diagnostics.

  Leveraging real-time audio and video intercom functions, remote gate control and seamless interconnection with parking fee management system, our AI kiosks allow for significant cost savings and improved operational efficiency. Specifically, when vehicles face issues on the unattended access lanes, users can call for assistance through intercom devices of the specific lanes, which allows us to locate the issues and display real-time video feeds for immediate resolution. AI kiosk agents can quickly address the issues by modifying license plate numbers, issuing QR payment codes, guiding the users through electronic payments or simply granting access — all from a distance. Moreover, if a vehicle is unable to enter or exit the unattended parking facility, we can intelligently identify the issue and automatically initiate a call operation to timely intervene and resolve it, ensuring smooth traffic flow. Furthermore, AI kiosk agents can remotely monitor the situation through the platform and, upon detecting equipment malfunctions, directly initiate repair requests, enhancing the efficiency of parking system maintenance.

- ***AI Parking Manager (AI車場經理).*** AI parking managers are tasked with overseeing the operations and authorizations of the internal remote customer service agents of our customers, to ensure the smooth and efficient functioning of their omni-channel call centers. In the meantime, leveraging AI parking manager functions, our customers can handle parking-related affairs and take responsibility for parking operations, effectively becoming a versatile parking steward. We leverage AI parking managers to achieve improvements in parking management efficiency. First, AI parking managers can directly handle complex on-site issues, such as customer complaints, traffic congestion, car accidents and equipment failures, in order to greatly reduce on-site management costs. Additionally, we equip AI parking managers with functions including intelligent inspections, automated failure alerts and an intelligent work order scheduling system with dynamic resource allocation. As such, we help improve operational efficiency, reduce the risk of business disruptions, and ensure high system availability alongside continuous service.

- ***AI Customer Service Agent (AI雲客服).*** Building on our deep understanding of the characteristics and complexities inherent in parking operations, we configure AI customer service agent functions for different parking scenarios, ensuring comprehensive yet targeted management. It also reduces manpower investments in customer services and enables remote teams to significantly improve operational efficiency and quality beyond traditional methods. AI customer service agents are divided into specialized functions to support different management tasks. For example, they are capable of handling vehicle owner inquiries, service requests, anomaly reporting, business transactions and data corrections. Externally, the AI cloud customer service team addresses inquiries from users and enterprise customers, utilizing technology to resolve issues efficiently and effectively. Internally, it supports system enhancements and business optimization to ensure service quality and user experience.

We served 3,883, 4,603 and 4,890 parking facilities with our smart services in 2022, 2023 and 2024, respectively.

Case Study for Smart Services

The Hangzhou Yuanyang International Center is a comprehensive building complex that integrates office spaces and shopping, dining and entertainment options. Its parking facility has multiple access points and approximately 1,500 parking spaces. However, the parking facility struggled with low levels of management automation, which led to high overheads and relatively low operational efficiency.

As a solution, we introduced our smart services, including an intelligent digitalization parking operation system, remote AI kiosk services, and a centralized parking management center. By implementing an intelligent digitalization parking management system, we enable online electronic contracting, where employees of tenant enterprises could apply for fixed-price monthly parking passes, with online renewal options available via mobile phones. As such, the cumbersome paper contracting process was completely replaced, resulting in a seamless experience from contract signing to permit activation, with the activation time reduced from three days to just ten minutes. The parking facility has also seen an effective cost reduction, with labor costs reduced by approximately 33%. We have also established an intelligent inspection network that operates in tandem between cloud and local systems. The online AI detection system continuously monitors parking activities in real time, automatically flagging any abnormal vehicle movements. A dedicated offline team performs standardized inspections and promptly intervenes to address potential risks. In cases where the system detects potential evasion of parking fees, an automated alert mechanism triggers, with a complete chain of evidence being preserved. Operational staff then initiate a standardized collection procedure, ensuring closed-loop protection that spans from risk alert to resolution, thereby safeguarding the integrity of parking operations and revenue.

Through these advancements, the Hangzhou Yuanyang International Center has not only streamlined its management processes but also improved operational efficiency, leading to a better overall experience for tenants and visitors alike.

Key Terms of Smart Service Agreements

We generally enter into legally binding agreements with our smart service customers. The agreements with customers typically include the following salient terms:

- *Service scope.* Under the agreement, we generally provide digital parking management services including (1) intelligent parking management system installation, commissioning, and personnel operational training, (2) centralized parking management platform services, (3) remote cloud-based kiosk agent services, and (4) after-sales maintenance. We may also provide on-site management and/or cleansing personnel or other additional services as per customer requirements. During the service term, we shall retain the ownership of the installed intelligent parking management software and hardware and have control over their operations, which serve as effective tools for our smart services.

- *Customers' rights and obligations.* Our customers generally retain operational management rights over the parking facilities and shall (1) coordinate with property owners and/or tenants to prepare for the launch and execution of the project, (2) maintain infrastructure and ensure continuous provision of utilities and internet connectivity, (3) cooperate in activating electronic payment platforms, and (4) collaborate in traffic flow management of pedestrians and vehicles. Our customers shall also have the right to oversee the provision of our management services.

- *Pricing and payment.* We either charge customers a fixed monthly fee for our services or adopt a revenue-sharing model, where we collect a fee based on a predetermined percentage of the parking facility's revenue or other performance indicators. The revenue-sharing percentage can be tiered according to the amount of revenue generated and be subject to a predetermined cap.

- *Term and termination.* Typically, the agreement has a term ranging from three to five years, subject to renewal upon negotiation prior to the expiration of the original term. If our customers unilaterally terminate the agreements or engage in unauthorized deactivation, dismantling, or resale of intelligent parking equipment, our customers shall immediately pay all outstanding service fee, and indemnify us for all direct and consequential damages. If we terminate without cause, we shall pay liquidated damages proportionate to the remaining term in the agreement and compensate the customers' all losses.

- *Privacy protection.* The agreement requires our customers and us to handle information obtained in the performance of the agreement in compliance with laws and regulations on cybersecurity and data privacy. We have the right to utilize parking data of the facilities, such as number of parking spaces, amount of parking fees collected, entry and exit traffic flow, and license plate numbers, but shall refrain from maliciously disclosing such data to any third parties.

Smart Operations (數智化經營)

By enabling precise, intelligent, and full-lifecycle smart operations for parking asset owners, we are committed to elevating urban parking asset value through digital intelligence. Utilizing our first-mover advantages and established digital infrastructure, we have accumulated a wealth of dynamic parking data, which can be translated into operational benefits leveraging AI and big data analytics technologies. We have supported over 68,000 parking facilities and 13 million parking spaces as well as 300 million vehicles on a cumulative basis across over 60 countries and regions. This allows us to provide highly precise operational analysis and diagnostics to identify weaknesses and deliver targeted optimization strategies, such as optimizing pricing strategies and resource allocation. Moreover, we leverage our scenario-based operations and precise traffic direction capabilities to help customers make use of their idle resources and expand their revenue streams, thereby enhancing overall asset utilization. In addition, our analysis of a daily traffic flow of 25.4 million vehicles in 2024 supports targeted marketing and customer acquisition for parking facilities. Through these efforts, our smart operations business has reshaped parking management by transforming parking facilities from mere support structures into intelligent, profit-generating businesses.

To date, we have developed multiple innovative operational models under our smart operations business, covering parking facility operations, value-added operations and platform operations. We continually help our customers and ourselves monetize under-utilized resources and tap into additional revenue streams. We served 10,388, 13,928 and 16,846 parking facilities with our smart operations in 2022, 2023 and 2024, respectively, reflecting the rapid expansion and growing adoption of our operational models.

Parking Facility Operations (車場經營)

Contract operation collaboration (承包經營合作)

Under the contract operation model, we obtain the right to occupy parking facilities at a fixed fee, typically on an annual basis, and assume responsibility for their digital transformation and operational management. In return, we obtain the exclusive right to manage and operate the parking facilities and are generally able to retain all revenue from operations, including parking fees and fees generated from a range of value-added services developed within the parking facilities. Revenue generated from our operations that exceeds a designated threshold may also be subject to a sharing mechanism with the parking asset owners.

In selecting parking facilities for collaboration under the contract operation model, we evaluate key factors such as location, historical parking volume, and local parking demand. Depending on the characteristics specific to target parking facilities, we seek to adopt differentiated operating strategies and will carry out a comprehensive analysis to ensure a reasonable return. For example, for parking facilities with a large number of parking spaces at competitive rates, we may pay particular attention to the associated parking demand across different time periods, assessing whether there are opportunities for off-peak dynamic pricing before contracting with them. To further safeguard our expected returns, we may also request a minimum income plus revenue sharing model from the owners of parking facilities. Additionally, we require that the parking facilities have clear property titles and operational rights. For parking facilities involving large prepayments, we also require the owners to demonstrate strong creditworthiness and financial viability, free from ongoing or pending litigation. To ensure thorough assessments, we adhere to a multi-step internal approval process for project execution, which includes initial screening, risk assessment, commercial evaluation, and contract review. This structured approach enables us to effectively manage risks and optimize returns across our parking operations.

Specifically, when contracting with a parking facility, we begin by conducting a comprehensive analysis of its characteristics, including its geographical location, surrounding communities and proximity to attractions, commercial centers and major transportation hubs, to better understand its accessibility, the flow of traffic and the specific parking requirements that may arise. Additionally, we examine the demographics of the surrounding area to understand the needs and behaviors of potential users. This includes evaluating the population density, local businesses and residential developments that may influence parking demand. We can therefore identify peak usage times and tailor our services and pricing strategies leveraging our AI algorithms. We can also implement value-added services such as charging stations and in-parking advertisements based on our comprehensive analysis, to further diversify our revenue streams from the parking facility. For example, in addition to serving individual vehicle owners, we partner with vehicle rental companies to obtain the right to occupy and operate parking facilities in the sub-urban areas at competitive rates to effectively accommodate their parking needs.

Leveraging our extensive and continuously growing data pool, we apply proprietary AI-driven algorithms for real-time analysis and diagnostics. By identifying operational inefficiencies and implementing dynamic optimization strategies, we are able to effectively balance the supply and demand of urban parking resources across multiple scenarios, particularly as we are rapidly increasing the number of parking facilities managed under our contract operation model.

For our contract operation model, we served 112 parking facilities with 66,480 parking spaces in 2024.

Off-peak usage collaboration (閒時經營合作)

Recognizing the uneven demand and supply of parking resources across in different scenarios and at different times, we have introduced an off-peak usage collaboration model to maximize the efficiency and revenue potential of parking assets by making better use of under-utilized spaces during off-peak hours. Through advanced data analytics, AI-driven demand forecasting and flexible operational strategies, we help parking asset owners and operators transform idle parking spaces into profitable assets while improving urban mobility.

By analyzing traffic patterns, parking usage trends, and external factors such as nearby commercial activity, we identify periods of low occupancy and introduce dynamic pricing strategies to attract more users. This ensures that parking spaces remain optimally utilized throughout the day, reducing inefficiencies and enhancing overall revenue generation.

Our off-peak parking solution is adaptable to a variety of urban scenarios. In commercial districts, it enables office parking lots to be repurposed for public use in the evenings and on weekends. In residential communities, it allows under-utilized spaces to be leased to nearby businesses or short-term visitors. For logistics hubs and mixed-use developments, it creates flexible parking allocation models to accommodate varying demand levels. As such, parking asset owners can significantly increase asset utilization rates and unlock new revenue streams without additional infrastructure investments. Meanwhile, users benefit from increased parking availability at more affordable rates, contributing to a more efficient and accessible urban mobility ecosystem. Our data-driven approach ensures that parking assets are managed dynamically and efficiently, helping cities reduce congestion, optimize land use and improve overall parking experience.

Value-added Operations (增值經營)

Charging station collaboration (充電樁合作)

Given the growing prevalence of electric vehicles, we have introduced a charging station collaboration model to further unlock the monetization potential of our customers' parking facilities. In this arrangement, we are responsible for charging station construction and share the charging service fees based on an agreed-upon ratio. With our stable cash flow and ability to provide sufficient capital, we can support our customers in building charging stations and developing the necessary software platform. This collaboration model is particularly well-suited for customers requiring investment assistance.

Parking voucher collaboration (停車券採買合作)

We have introduced a parking voucher collaboration model to provide parking asset owners with immediate revenue streams while enhancing customer engagement through flexible and dynamic parking promotions. In this arrangement, we collaborate with parking asset owners to pre-purchase parking vouchers in bulk at a discounted rate. These vouchers are then distributed through our platform to individual users, businesses and strategic partners, ensuring steady parking demand and increased facility utilization. By securing parking prepayments, operators benefit from enhanced financial liquidity while reducing revenue uncertainties tied to fluctuating occupancy levels.

Particularly, with our AI-powered data analytics, parking vouchers can be allocated strategically, targeting high-demand time slots or under-utilized spaces. In addition to securing upfront revenue, the parking voucher model enhances customer loyalty and engagement by integrating parking into broader urban service ecosystems. Parking facilities operators, especially those in commercial projects, can bundle parking vouchers with retail promotions, entertainment packages or corporate deals, creating cross-industry collaborations that drive business growth.

Advertising collaboration (廣告合作)

Under our advertising collaboration model, we offer a versatile range of resources aimed at elevating the advertising potential of parking facilities.

Parking facilities serve as an ideal channel for advertising. Parking facilities are often situated at the key access points of residential communities, office buildings and commercial complexes. These locations are frequently accessed by both pedestrians and vehicles, providing a high transmission rate of advertising messages. Advertisers can effectively target a large base of potential audience with specific consumer behaviors and interests, allowing for precise audience targeting. Moreover, vehicles owners typically possess relatively higher purchasing power, which are attractive to advertisers. In addition, while waiting for their vehicles or walking to their destinations, vehicles owners and their companions are in a captive setting with minimal competition from other advertising media, making them more receptive to advertising messages.

We provide effective advertising placements to meet the diverse needs of advertisers. During the process, we are generally responsible for setting up advertisements at the barrier gates and in-parking advertising boards based on our comprehensive analysis of foot traffic and exposure rate, setting reasonable advertising rates, contracting with advertisers, and ensuring timely placement and removal of the advertisements.

Platform Operations (平台經營)

Speed Parking (速停車)

Speed Parking is a mass-market platform across China that revolutionizes parking management through the integration of big data, cloud storage and mobile connectivity. We offer *Speed Parking* primarily through WeChat mini-program and official account, positioning it one of the mainstream smart parking platforms within the WeChat ecosystem. With its user-friendly interface and robust functionality, *Speed Parking* enhances the overall parking experience for both users and parking asset operators.

Speed Parking offers a comprehensive suite of functions to facilitate efficient parking operations. Key features include streamlined parking fee payments, electronic discount coupon distribution, automated electronic invoicing, online services for monthly parking passes, tailgating fee collection and navigation assistance to locate parked vehicles. For example, we provide electronic invoicing service for parking fees, ensuring a seamless billing and invoicing process for users while streamlining the financial record keeping of our customers. We also offer parking pass service, where users could apply for monthly parking passes or carry out renewal online through their mobile phones. Additionally, when vehicles evade parking fees by way of tailgating, we implement comprehensive measures for fee collection. The application integrates with WeChat to remotely lock vehicles for extra security. Additionally, it delivers detailed operational and duty reports, oversees internal vehicle management, simplifies visitor authorization, and efficiently handles maintenance work orders, all aimed at optimizing parking facility management and user convenience.

Speed Parking partners with third-party payment channels to secure discounted payment processing rates, based on which it develops parking payment products that charge standard rates to parking facilities. This enables the platform to generate revenue through the differences between processing rates and commissions. We also offer paid membership services to users and electronic invoicing services to parking facilities, among others, through our *Speed Parking*.

As of December 31, 2022, 2023 and 2024, *Speed Parking* supported 10,383, 13,870 and 16,722 parking facilities, respectively.

Online parking space rental platform (在線車位租賃平台)

Leveraging our accumulated parking resources through our decades of operations, our online parking space rental platform offers a convenient and efficient solution for users seeking to rent parking spaces on-demand. This can improve resource utilization in the parking space operation industry and brought in new business opportunities for ourselves.

By connecting parking space owners with individuals in need of parking, we aim to facilitate seamless transactions and flexible leasing options ranging from short to long term. The platform will feature real-time availability updates, secure payment processing, and user-friendly navigation, making it easy for users to find and reserve parking spaces that suit their needs.

Case Study for Smart Operations

Zhengzhou Yinji Plaza, located in the business district near Zhengzhou Railway Station, is a well-established apparel wholesale hub, covering approximately 320,000 square meters and serving a daily population of around 100,000. However, parking at the Zhengzhou Yinji Plaza encountered a number of challenges, including low traffic efficiency due to mixed vehicle types and peak-hour congestion caused by limited space availability. Additionally, the use of outdated equipment resulted in vulnerabilities in fee collection. The intersecting and unstructured traffic flows between logistics and customer areas led to conflicts during peak hours, ultimately driving up operating costs.

To cope with these issues, we have streamlined the operations of the parking facilities at Zhengzhou Yinji Plaza. We obtained the right to operate the parking facilities and assumed the responsibility for its digital and intelligent transformation. Specifically, we equipped the entry and exit points with AI-powered high-speed license plate recognition cameras, millisecond-response barrier gates, and integrated payment terminals, enabling unmanned operations and rapid vehicle access. To alleviate internal congestion, we installed real-time parking space availability displays at entrances to guide drivers and optimize traffic flows. In addition, all parking data has been synchronized in our smart operations system, allowing for visualized management and dynamic adjustment of space availability based on feedback. Real-time entry control has also been implemented according to actual parking capacity, improving space utilization and reducing waiting times. To address the conflicts between logistics and customer areas, we restructured traffic flows by separating logistics, customer, unloading, and non-motor vehicle areas. Specific gates and operating hours are designated for different vehicle types — for example, logistics and unloading vehicles now enter via the north gate only within fixed time windows — reducing peak-hour congestion and lowering operating costs.

In addition, QR code payment points have been added every 20 meters throughout the parking facility, along with speakers installed at every 100 parking spaces to remind drivers of the option for advance payment before exiting the facility. As a result, the rate of advance payment could reach up to 70%, leading to smoother vehicle turnover and an approximately 6% year-on-year increase in monthly revenue from retail parking. Accordingly, this project demonstrates our ability to effectively increase our profitability by growing revenue while controlling operating costs.

OUR TECHNOLOGIES

We believe that technology innovation has been the bedrock of our rapid growth and market leadership, and will continue to strengthen our competitive edges. As a technology leader in China's smart parking space operation industry, we have developed a "terminal-edge-cloud" collaborative network through in-house R&D, creating significant technological barriers in both hardware and software. In particular, we believe that our capabilities in AI and big data analytics as well as our technological infrastructure are imperative to our success.

AI

Through the application of AI technologies, we accelerate digital transformation in the parking space operation industry with both speed and scale. AI involves advanced analytical methods and logic-based techniques designed to build engineered systems that generate content, predictions, recommendations or decisions based on pre-defined goals. As the core technology underlying our smart parking business, we leverage AI across various applications to enhance operational efficiency, optimize resource allocation, and support informed decision-making.

Edge-cloud Collaborative Training Mechanism Driven by Foundation Models

We have established a global parking AI training center utilizing a heterogeneous cloud-edge architecture. This platform innovatively introduces an automated, continuous training framework specifically designed for parking scenarios, enabling intelligent optimization of training updates for recognition models. As such, we can customize AI models for various parking facilities, finely tuning to their unique characteristics. In practical applications, we seamlessly integrate the capabilities of this platform into our operations, delivering quality experience that grows increasingly accurate and user-friendly over time for the connected parking facilities.

Specifically, the platform is built on a transformer architecture and incorporates a cloud-based auxiliary recognition system capable of secondary intelligent optimizations on images that are misrecognized at the network edge. Leveraging self-supervised learning within a multi-modal foundation model, the platform automatically labels problematic samples and subsequently intelligently classifies interference factors, such as varying lighting conditions, environmental obstructions and lane angles specific to different parking facilities. By utilizing generative adversarial networks (GAN), the platform performs data augmentation on erroneous samples, effectively enhancing sample diversity. Finally, the platform continuously trains and cyclically tests model performance, iteratively updating the algorithms for edge-side cameras to ensure ongoing improvements in recognition accuracy and efficiency.

Computer Vision Centered around Deep Learning

We have independently developed a deep learning-based license plate recognition algorithm that supports a wide variety of license plates from mainland China and 36 other countries and regions. Leveraging deep learning's end-to-end approach that automatically extracts useful features from large datasets, we can effectively reduce reliance on manually designed characteristics and enhance recognition accuracy under varying lighting conditions and angles. Furthermore, deep learning technology can quickly develop recognition algorithms for different regional license plates that vary significantly as to character types and formatting by training on diverse samples. In addition to precise license plate recognition, to date, we have also created a comprehensive vehicle feature recognition algorithm capable of identifying over 230 vehicle logos, 1,660 vehicle models, as well as different vehicle types and body colors.

We utilize computer vision, multi-modal fusion and deep learning techniques to unify visual features such as vehicle appearance, license plates, vehicle types, colors, and others into a multi-modal feature space. It employs convolutional neural networks ("CNNs"), a transformer self-attention architecture, and a fusion encoder to process and integrate features from different modalities. This technology can enhance vehicle recognition accuracy in parking operations, minimize recognition errors and omissions, thereby significantly improving vehicle passage efficiency and overall vehicle management processes.

Furthermore, we innovatively combine side-view sensing and sensor fusion techniques to overcome the challenges of accurately measuring vehicle dimensions by deploying side-facing cameras along parking lanes. We collect real-time data on vehicle sides and utilize CNNs and Transformer feature extractors to perform deep fusion analysis across multiple cameras to accurately identify vehicle length information. As a result, parking facilities are able to distinguish between vehicles of different lengths, optimize parking fee pricing standards and parking facility layout plans, thereby improving space utilization efficiency and revenue generating capability.

AI Agent

Utilizing active perception technology and autonomous decision-making models, our AI kiosk agents effectively address the low traffic efficiency and congestion issues prevalent in traditional manual kiosk management. We employ a combination of ultrasonic, millimeter-wave radar, lidar and low-power magnetic sensors, infrared signals, and AI vision technology, to create a high-precision vehicle monitoring network. By leveraging reinforcement learning algorithms, edge computing technology, and real-time autonomous decision-making algorithms, we achieve secondary recognition of vehicle characteristics, automated license plate modification, and proactive call for assistance. As a result, we can automate the management of vehicle flows, reduces queueing during peak times, and significantly improves traffic efficiency and user experience, while minimizing the need for manual intervention.

Our AI customer service agents are designed to resolve issues in traditional parking customer service scenarios, such as heavy workloads for human agents, long wait times for users, and inaccurate responses. It integrates advanced technologies like large language models ("LLMs"), retrieval-augmented generation (RAG), and agent orchestration. By constructing a specialized vertical thought chain for the parking sector, it effectively avoids hallucination issues associated with LLMs in niche fields. Additionally, using agent model orchestration technology allows for the flexible combination of multiple expert agents that dynamically collaborate to handle complex customer service tasks, enabling intelligent, automated handling of customer inquiries. Implemented in real-life parking operations, AI customer service agents significantly enhance the accuracy and timeliness of customer inquiries to drive satisfaction, while greatly reducing labor costs for improved operational efficiency.

Big Data Analytics

Big data analytics is a technology enabling systematic, cost-effective exploitation, processing and analysis of data in high volume with a wide range of varieties. We have formulated sophisticated data models to streamline the data analytics process. As such, we can efficiently describe the structure, associations and constraints relevant to data, identify essential metrics and encode conventions into reusable rules, to provide guidance for future tasks. We also conduct data mining by discovering and exploiting patterns from massive information in order to gain insights into future trends. We also visualize data to provide guidance for the decision-making process of our customers. We convert data into graphics for display and allow interactive processing in such data display to help customers understand and analyze the data in an efficient way.

Specifically, our parking system serves as a foundational system with extensive data management capabilities. We have developed *YongCe Pro* to integrate operating data with financial management, supporting the processing and querying of vast amounts of data, as well as multi-dimensional data model analysis. These capabilities effectively help customers monitor data changes intuitively and analyze business progress. Moreover, the system incorporates AI technology to further provide customers with intelligent operational analysis for their parking businesses and offer operational recommendations.

We also address issues such as low efficiency in manual report generation, weak data analysis capabilities, and challenges in deep data mining during parking management. Employing LLMs inference and data mining technologies, we automatically analyze operating data of parking facilities, including parking flow trends, vehicle entry and exit frequencies, parking fee billing conditions, and detection of abnormal behaviors. Through prompt engineering techniques, we efficiently generate text reports with clear business value and data insights. By automatically producing high-quality analysis reports, we assist parking asset owners and operators in making informed, data-driven decisions.

Technological Infrastructure

Distributed Cloud-native Architecture

Our fully proprietary system architecture allows for high availability, rapid iteration and personalized management, meeting the evolving demands of urban parking. The distributed multi-node solution supports the continuous operation of parking systems across approximately 25,000 parking facilities nationwide, effectively safeguarding business continuity.

Plug-in Agile Development Platform

We have developed a plug-in management platform that allows us to meet diverse customization needs for various customers. Based on this platform, we can provide personalized features to our customers in a plug-in approach. This platform also enables the simultaneous operations of multiple personalized plug-ins while maintaining system stability.

Multi-modal Heterogeneous Network Communications Architecture

Our smart parking management system, implements a comprehensive heterogeneous network for parking guidance systems. Utilizing low-power wide-area network ("LPWAN") technologies and a reliable wired backbone, the system supports multiple wireless access modalities, such as LoRa, NB, IoT and 5G, to ensure high compatibility and robust system performance.

RESEARCH AND DEVELOPMENT

We believe that R&D is pivotal to our value creation, which has driven our rapid growth since our inception and will continue to lead our future development. We have continuously invested in our R&D efforts to expand our offerings and advance our technological competitive edge.

Our R&D efforts are structured across three key divisions, each specializing in different aspects of technological advancement, ensuring that we remain at the forefront of industry innovation. Our hardware R&D center is responsible for the development and management of all hardware products, ensuring that our products meet the highest standards of performance, reliability and cost efficiency. This center oversees the design and implementation of hardware products, image processing algorithms, manufacturing tools and quality control systems. Our software development center manages the development of our core software products, data processing and storage systems, and cloud-based services. Our research institute plays a strategic role in long-term innovation. This division is dedicated to exploring new product initiatives, planning product strategies, managing product lifecycles, and fostering external technical collaborations. Additionally, it conducts in-depth market research on the evolution of the smart parking space operation industry, incubates new business models, and explores emerging technologies. By continuously pushing the boundaries of innovation, our research institute ensures that we stay ahead of industry trends.

The engagement of R&D talents with professional expertise and industry experience is crucial to the long-term success of our business. To that end, we have assembled a strong and well-qualified R&D team with backgrounds in relevant disciplines, such as AI, big data analytics and cloud computing. As of December 31, 2024, our R&D team comprised 204 members, representing 10.5% of our total employees as of the same date. Our research and development expenses were RMB44.4 million, RMB42.6 million and RMB45.0 million in 2022, 2023 and 2024, respectively, representing 6.8%, 5.8% and 5.6% of our total revenue in the same periods, respectively. See "Financial Information — Discussion of Major Profit or Loss Items" for details.

SALES AND MARKETING

Sales Arrangements

Our sales department is primarily responsible for sales arrangements. In line with industry norm, we primarily focus on direct sales, with distribution channels as a supplement for our smart solutions business. The direct sales model is primarily supported by our local sales teams, which have been established in most prefecture-level cities across more economically developed regions such as the southeastern coastal region of China. Our local sales teams primarily engage in direct marketing initiatives and customer visits to promote our products and services. Our marketing strategy for direct sale is designed to enhance brand visibility and drive business growth through a diverse mix of online and offline channels. We participate in various major industry exhibitions and conferences, both domestically and internationally, to showcase our latest products and solutions, engage with industry professionals and strengthen relationships with potential customers. Additionally, our local sales teams conduct on-the-ground outreach efforts, organizing offline activities and customer interactions to boost brand recognition and market penetration. Our marketing strategy is predominantly digital, with a focus on internet platforms and search engine optimization to drive online traffic and customer engagement. We strategically utilize industry-specific digital media and keyword search advertising to enhance our brand reach. Furthermore, we actively maintain a presence on social media platforms and self-publishing channels, including WeChat official accounts, to keep our audience informed about company updates, product innovations and industry trends.

Our distributors extend sales to end customers which are not covered by our in-house sales team. In 2022, 2023 and 2024, we had a network of 36, 49 and 47 distributors, respectively. In 2022, 2023 and 2024, we generated 1.4%, 2.4% and 1.9% of our revenue from sales to distributors, respectively. Our collaboration with distributors are often geographically exclusive, to prevent cannibalization and streamline our channel management efforts. In geographic regions where we collaborate with more than one distributors, we generally adopt a business opportunity reporting mechanism to further prevent cannibalization. Our distributors generally are required to seek our prior written approval if they want to engage sub-distributors. We have established standardized distributor management policies covering selection, authorization, performance evaluation, compliance supervision and exit mechanisms. We require compliance with our pricing policies and brand management standards, and monitor distributor activities through periodic reviews and spot checks. Our distribution agreements generally set out terms relating to territorial exclusivity, minimum purchase commitments, marketing and after-sales obligations, confidentiality and termination rights. Distributors are required to operate strictly within their authorized territories and maintain dedicated teams for sales and technical support. We reserve the right to impose penalties or terminate distributorship in the event of material breaches.

Our relationship with our distributors is that of seller and buyer and not principal and agent. We have no ownership or management control over any of our distributors. We recognize revenue generated from sales to distributors using the amount of wholesale prices entered into with our distributors and in accordance with the same principles as direct sales as discussed in "Financial Information — Significant Accounting Policies, Estimates and Assumptions — Revenue Recognition."

During the Track Record Period, to the best of our Directors' knowledge, save for acting as our distributors, none of our distributors (including their respective shareholders, directors, senior management or any of their respective associates) had any past or present relationship (including, without limitation, business, family, trust, employment, shareholding, financing or otherwise) with our Company, our subsidiaries, Shareholders, Directors, senior management or any of their respective associates. During the Track Record Period, we did not provide any material advance or financial assistance to our distributors.

Pricing and Fee Model

We have developed our full-stack, cross-scenario business portfolio that covers smart solutions, smart services and smart operations, empowering the intelligent digitalization of every aspect of parking facilities and activities. Our offerings are designed to meet the evolving needs of parking asset owners, operators and the broader parking space operation industry.

We have different pricing policies for our different offerings. Specifically:

- *Smart Solutions*. We have established a unified pricing policy for our smart parking hardware products nationwide, under which the prices are determined with reference to (1) our internal gross margin targets and (2) the prevailing market prices of comparable products offered by peers in the smart parking space operation industry. We offer smart parking solutions under three primary delivery models, including supply-only model, commissioning-supported model, and turnkey model that also integrating construction and installment, with project-based pricing determined by scope and complexity. To support scalable and efficient service delivery, particularly in overseas markets, we have transitioned from localized software deployment to network-enabled systems that allow remote diagnostics, upgrades and technical support. Building on this transition, we have adopted both lump-sum and installment-based payment models, and determine the specific paymeny arrangements based on our customers' budgets and purchasing power.

- *Smart Services*. We either charge customers a fixed monthly fee for our services or adopt a revenue-sharing model, where we collect a fee based on a predetermined percentage of the parking facility's revenue or other performance indicators. The revenue-sharing percentage can be tiered according to the amount of revenue generated and be subject to a predetermined cap.

- *Smart Operations*. We derive revenue from three types of operational models, including parking facility operations, value-added operations and platform operations. For example, under our contract operation model, we obtain the right to occupy parking facilities at a fixed fee, and generate revenue from operations, including parking fees and fees generated from a range of value-added services developed within the parking facilities. Parking fees we charge can be varied upon location and time of day, taking into account the rates offered by nearby parking facilities. Depending upon duration of stay, we charge standard hourly rates or offer long-term parking passes with monthly or annual access.

Customer Support

We believe our dedicated customer support is key to nurturing a long-term relationship with our customers. We place great emphasis on improving customer experience at each step. We provide pre-sale consultation, onboarding implementation support and training at the initial stage. With 24/7 live chat and phone support, we help customers configure and use our solutions. We can provide immediate response, usually within minutes, upon receiving inquiries from customers, and offer regular progress updates to ensure the timely resolution of related issues and minimize the negative impact on customers' experience and business operations. We also offer ongoing maintenance and support services to ensure reliable performance. Most importantly, we understand our customers through customer support, which guides our future R&D initiatives and helps us to identify and capture new business demands as they arise and evolve.

In particular, for our customers who receive premium customer services with elevated standards and service requirements, we generally designate specialized customer service personnel to attend to their specific demands, who in turn work with our R&D team to enable targeted customer support. We provide regular on-site inspection and maintenance and ensure a maximum response time of 30 minutes with dedicated teams reaching the site within two to four hours for customers, supported by a warehouse of readily available hardware parts. As such, we are able to promptly resolve on-site anomalies and restore the normal operations of parking facilities, therefore minimizing downtime and safeguarding the proper, continuous functioning of critical assets.

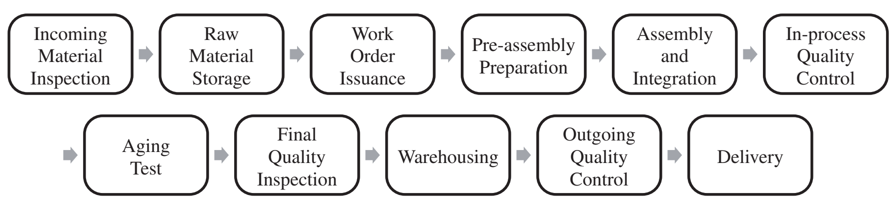
PRODUCTION

We formulate monthly production planning based on current sales orders, taking into consideration, among others, historical sales volume, product shipment data, inventory levels, and the utilization rates of our production facilities. This comprehensive approach ensures that we align our production capacity with market demand effectively. We have implemented a set of internal production and operation protocols to promote our compliance with applicable industry standards. We carry out regular inspections to assess the conditions of our production facilities and conduct necessary repairs and maintenance. We have also introduced and implemented a stringent reporting system as to all the accidents and equipment malfunctions and keep all the relevant records.

During the Track Record Period, we manufactured our smart parking hardware products through (1) our two production facilities in Xiamen, Fujian province and Chongqing, respectively, as well as (2) our contract manufacturing partners. We believe our stable cooperation with qualified third-party manufacturers enhances our operational efficiency and flexibility while allowing us to consistently produce high-quality products. As of the Latest Practicable Date, we were also constructing a new production facility in Xiamen, Fujian province to expand our production capacity and improve production and logistics efficiency.

Production Process

Our production process covers material inspection, assembly, testing, and warehousing and delivery, with quality controls integrated at every stage. The following diagram illustrates the principal steps of the production process generally applicable to our smart parking hardware products.



- *Material inspection*. We conduct strict incoming quality control to ensure materials procured from suppliers, such as sheet metal, electronic components and wires and cables, conform with our quality standards. Once the raw materials are approved, they are transferred to storage. We then prepare all necessary materials and equipment in advance, based on production work orders, to facilitate a smooth assembly process.

- *Assembly*. We have assigned specialized personnel to different production lines to enhance efficiency and quality. Hardware components are systematically assembled into finished units, with our proprietary software pre-installed or configured as needed. We integrate in-process quality control checkpoints throughout the process to ensure precision and consistency in assembly.

- *Testing*. Following assembly, each unit undergoes a full range of tests, including appearance checks, functional verification and burn-in testing, to validate product reliability and performance. For example, we conduct rain tests to evaluate the products' ability to withstand exposure to rain and moisture, and salt spray tests to test the corrosion resistance of materials and coatings. We also conduct a final inspection before the products proceed to storage.

- *Warehousing and delivery*. Once approved, finished products are transferred to our warehouses and prepared for delivery in accordance with customer schedules. Before shipping, we conduct a full set of outgoing quality control and testing to ensure that all products meet our quality standards.

In addition to in-house production, we also engage qualified manufacturing partners for outsourced manufacturing. When selecting contract manufacturing partners, we primarily consider production capacity, quality control, delivery capability, and process level. These partners undergo our internal vetting procedures jointly conducted by our quality control and R&D departments. Currently, we partner with several third-party manufacturers, and we do not anticipate any significant risk of capacity shortages in the future. Contract manufacturing is governed by procurement agreements that require suppliers to meet our technical standards, support quality inspections, and assume responsibility for defective products, to ensure consistent product quality across all production lines. The procurement agreements typically provide for a one-year warranty period during which the manufacturing partners are obligated to provide maintenance, repairs or replacements for free, as well as a certain amount of warranty retention money for additional quality assurance. Moreover, the procurement agreements are typically accompanied by a quality assurance agreement that outlines the applicable quality control and acceptance standards and the procedures for handling substandard products.

Manufacturing execution system ("MES") plays an important role in controlling and monitoring in real time the entire production process through which raw materials are converted into finished goods. MES bridges our enterprise resource planning system and our production processes, providing real-time data and insights to optimize manufacturing operations. In addition, MES generates dynamic production schedules, provides traceable production data and analyze key performance indicators, which improves productivity and enhances product quality. We have also developed electronic manufacturing standard operating procedures ("SOPs") for each production line to ensure consistency, quality and compliance with industry standards and regulation requirements. Our well-structured SOPs also serve as effective tools for the training of our manufacturing personnel and streamline operations by reducing errors and improving productivity.

Our Production Facilities

As of the Latest Practicable Date, we had two production facilities. The following table sets forth certain information regarding our production facilities as of the Latest Practicable Date.

Production facility	Total gross floor area	Main functions
Xiamen, Fujian province	23,675.57 square meters	Production and warehousing of our major smart parking hardware products
Chongqing	950 square meters	Ancillary production processes to complement our production facility in Xiamen, Fujian province

The equipment and machinery we own and use for manufacturing and testing mainly include assembly lines, automatic screw locking machines, salt spray testers, rain test chambers, constant temperature humidity testers and other testing instruments designed to verify the performance and resistance of our products. The useful lives of these machines generally range from five to eight years. For details of the depreciation method of our equipment and machinery, see Note 2(g) to the Accountants' Report included in Appendix I to this document.

The following table sets forth our production capacity, production volume and utilization rate of our smart parking hardware products for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
	(unit in thousands, except for the percentages)		
Parking products			
Production capacity(1)	182,208	157,872	170,040
Production volume(2)	168,354	150,231	154,085
Utilization rate(3)	92.4%	95.2%	90.6%
Pedestrian products			
Production capacity(1)	3,120	18,720	20,280
Production volume(2)	2,930	18,375	19,061
Utilization rate(3)	93.9%	98.2%	94.0%

(1) Production capacity is calculated based on the assumption that our production facilities operate 260 hours per month, which is derived from 10 operating hours per day over 26 operating days. We will arrange our production schedules and operating hours flexibly based on actual order demand.

(2) Production volume refers to the number of units produced in the period indicated.

(3) Utilization rate of the period indicated is calculated by dividing the production volume in that period by the production capacity of the same period.

We may from time to time adjust the layout and staffing across different production lines based on current order volumes to ensure optimal utilization of production resources, therefore resulting in fluctuations in production capacity. For example, in 2024, the production capacity for parking products declined as certain production lines originally designated for parking products were reallocated to pedestrian products to accommodate the growing needs.

Expansion Plan

In light of our relatively high production capacity utilization rates and the increase in market demand, we are in the process of constructing a new production facility in Xiamen, Fujian province, which is primarily intended for the manufacturing of larger-scaled products. We also plan to equip the facility under construction with warehousing and logistics functions. The new production facility will have a total gross floor area of approximately 46,740 square meters and house equipment and machinery such as high-speed chip mounters, multi-functional chip mounters, rapid temperature change test chambers, intelligent storage racks and robots and AI intelligent manufacturing systems. Upon its expected completion by the end of 2025, we will proceed with the required environmental impact assessment and fire safety filings in accordance with applicable regulations in China. We will also gradually equip our production facility with production and testing machinery. Some of our existing production capacity may be relocated to this new facility to better accommodate product-specific space requirements and enhance overall production efficiency. The new production facility, once fully put into operations, is expected to have an aggregate annual production capacity of approximately 55,000 units of parking systems.

The construction of the above-mentioned new facility, which will be funded primarily through cash flows generated from operating activities and financing activities. We may face a number of challenges in implementing our expansion plan, such as procurement of sales orders and raw materials, and maintaining quality control. We intend to further improve the automation levels of our production process. We also seek to continue to improve our inventory management and our procurement process in order to ensure a sufficient supply of raw materials, and to continue to invest in and improve our quality control procedures and systems. However, we may face failure or delay in implementing our expansion plan. See "Risk Factors — Risks Relating to Our Business and Industry — If we fail to implement our expansion plan as planned, our business and prospects could be materially and adversely affected."

RAW MATERIALS AND INVENTORY MANAGEMENT

Raw Materials

The primary raw materials used in our production primarily include sheet metal, electronic components and wires and cables. We have formulated detailed quality standards for raw materials, covering both technical specifications and regulatory compliance requirements. We only procure raw materials from selected suppliers that can satisfy our stringent standards to ensure the consistently high quality and performance of our smart parking products. We adhere to a structured procurement process that includes internal order approval, supplier communications, delivery confirmation, and coordination with the production planning team for any necessary adjustments. For raw materials with long lead times, we provide suppliers with three-month rolling forecasts and issue monthly purchase orders accordingly. All raw materials supplied will be subject to continuous inspections during our cooperation, and will only be admitted into our production facilities upon passing our strict inspections.

Most of our raw materials are manufactured and sourced domestically. Some of the integrated circuit ("IC") chips we use are from overseas manufacturers, and we source such IC chips exclusively from their distributors in China. Such chips, primarily produced by manufacturers in Japan and Korea, are used in ancillary components and do not constitute core functionalities of our products. We have maintained a list of backup suppliers to minimize the risks associated with shortage of raw materials. Furthermore, we are inclined to procure an increasing portion of the raw materials from qualified domestic suppliers, to shield against potential risks caused by international relations. We believe have maintained stable business relationships with our major suppliers of raw materials. During the Track Record Period and up to the Latest Practicable Date, we did not experience any shortage of raw materials nor significant fluctuations in the prices offered by our suppliers that would have a material adverse effect on our business and operations. We do not anticipate significant changes to our procurement model or major sourcing challenges in the near future.

Inventory Management

We leverage our self-owned and leased warehouses for storing raw materials, work-in-progress and finished products, and engage third-party logistics service providers for delivery coverage. We have established a strict management system to monitor our entire warehousing process, with clearly defined departmental responsibilities and robust procedures.

We generally maintain an inventory level of one to one and a half months' sales volume for our finished goods, along with a supply of raw materials sufficient for three to six months. which may vary according to customer demands and our sales and production plans. We determine the required inventory levels of raw materials and finished products based on shipment trends for the last three months, and order and inventory levels. Raw materials are separately stored in different areas of the warehouses according to their respective storage condition requirements, properties, usages and batch numbers. All our products are sold on a first-in-first-out basis. We examine our work-in-progress and finished products frequently to identify any that are damaged, expired or soon-to-be expired pursuant to our protocols, which are disposed of or for which provisions are made. See "Financial Information — Discussion of Major Balance Sheet Items — Inventories" for details. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material shortage in supply or overstock of inventory.

All deliveries to our customers are fulfilled by third-party logistics providers. To ensure smooth and reliable delivery, we evaluate the third-party logistics providers based on their performance and compliance with our requirements, including qualifications, delivery capacity including their ownership of delivery vehicles, and real-time tracking capabilities. These providers typically bear the risk of damage or loss. We have not experienced any stockouts due to insufficient warehousing or delivery capacity. For inbound logistics, our suppliers independently arrange delivery to our warehouses, and bear the freight charges and in-transit risks.

QUALITY CONTROL

Quality control is integral to every aspect of our daily operations. We are dedicated to ensuring exceptional product and service quality. To achieve this, we have attained several international certifications, including ISO 9001, which focuses on quality management systems to meet customer needs and drive continuous improvement. We also hold ISO 14001 certification for environmental management, demonstrating our commitment to minimizing our environmental impact and promoting sustainability. Additionally, we are certified under ISO 45001 for occupational health and safety, ensuring the well-being of our employees, and under ISO 27001 for information security safeguards. We have also leveraged MES to monitor and promptly identify and address defects and equipment malfunctions with traceable production data. Any identified issues undergo thorough root cause analysis and corrective action, enabling us to ensure continuous improvement.

To uphold the highest standards of quality, we have established a dedicated quality center responsible for overseeing product and service quality. Our quality control system compasses the entire lifecycle of our operations, from product design and development, sourcing and procurement of raw materials, parts and components, production, packaging, inventory storage, to delivery and after-sales services. During the production process, we have set up quality control checkpoints throughout, covering incoming quality control, in-process quality control and outgoing quality control. Staffed by professionals with diverse backgrounds and extensive industry experience, our quality center ensures a comprehensive understanding of quality management across various domains. We also prioritize the ongoing development of our quality control personnel through regular training, ensuring that relevant staff hold certifications mandated by national authorities.

We generally offer a product warranty ranging from one to two years, with the flexibility to extend it up to five years for large-scale projects based on profitability assessments. For extended warranty periods, we implement enhanced maintenance plans in light of the expected increase in failure rates of electronic products after two to three years of use. Our after-sales process involves on-site replacement of faulty parts and monthly centralized analysis of returned components to monitor defect rates. If the repair or replacement rate of a product reaches 3% to 4% within a year, we initiate immediate quality review and rectification measures to address any underlying issues. We generally are responsible for post-installation performance and provide ongoing repair services to ensure functionality. While we remain contractually liable for customer-facing repairs, we may seek recourse from suppliers in cases involving component-level defects.

We have also established internal procedures for handling customer complaints. As a result of our commitment to quality control and assurance, we did not experience any material product returns or receive any material product quality complaints or claims during the Track Record Period and up to the Latest Practicable Date.

CUSTOMERS AND SUPPLIERS

Customers

We have developed and delivered our solutions and services to parking asset owners and operators across various scenarios. In 2022, 2023 and 2024, revenue generated from our top five customers in each year during the Track Record Period accounted for 10.8%, 12.2% and 16.9% of our total revenue, respectively, and revenue generated from our largest customer in each year during the Track Record Period accounted for 3.8%, 4.1% and 6.4% of our total revenue, respectively. The following table sets forth certain information of our top five customers during the Track Record Period.

Customer*	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Principle business	Products or services purchased
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2022					
Customer A[1]	24,813	3.8%	2013	Investment and asset management, securities investment, and energy investment	Smart solutions, smart services and smart operations
Customer B[2]	16,354	2.5%	2013	Investments in financial insurance, energy transportation, electric power communication, etc., and investment and management of commercial retail enterprises (including chain supermarkets)	Smart solutions, smart services and smart operations
Customer C[3]	12,927	2.0%	2012	Industrial ventures, domestic commerce and material supply, import and export business, and real estate development	Smart solutions, smart services and smart operations
Customer D[4]	11,914	1.8%	2019	Technical development of computer software and hardware, sale of self-developed software, computer technical services and information services, as well as R&D and wholesale of computer hardware	Smart solutions and smart operations
Customer E[5]	4,308	0.7%	2013	Development and operations of integrated commercial real estate projects	Smart solutions and smart operations
Total	**70,316**	**10.8%**	—	—	—

Customer*	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Principle business	Products or services purchased
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2023					
Customer B	30,329	4.1%	2013	Investments in financial insurance, energy transportation, electric power communication, etc., and investment and management of commercial retail enterprises (including chain supermarkets)	Smart solutions, smart services and smart operations
Customer A.	27,446	3.7%	2013	Investment and asset management, securities investment, and energy investment	Smart solutions, smart services and smart operations
Customer E	17,052	2.3%	2013	Development and operations of integrated commercial real estate projects	Smart solutions, smart services and smart operations
Customer C	10,002	1.4%	2012	Industrial ventures, domestic commerce and material supply, import and export business, and real estate development	Smart solutions, smart services and smart operations
Customer F(6)	5,348	0.7%	2020	Construction engineering, food sales, catering services, internet food sales, installation services for general mechanical equipment, and operations and maintenance services for information systems	Smart solutions, smart services and smart operations
Total	**90,177**	**12.2%**	—	—	—

Customer*	Transaction amount	Percentage of total revenue	Year of commencement of business relationship	Principle business	Products or services purchased
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2024					
Customer G[7]	50,846	6.4%	2023	Asset management, portfolio management and capital management	Smart solutions
Customer B	27,821	3.5%	2013	Investments in financial insurance, energy transportation, electric power communication, etc., and investment and management of commercial retail enterprises (including chain supermarkets)	Smart solutions, smart services and smart operations
Customer E	23,517	2.9%	2013	Development and operations of integrated commercial real estate projects	Smart solutions, smart services and smart operations
Customer A	20,270	2.5%	2013	Investment and asset management, securities investment, and energy investment	Smart solutions, smart services and smart operations
Customer H[8]	12,652	1.6%	2022	Basic telecommunications services, and value-added telecommunications services	Smart solutions, smart services and smart operations
Total	**135,106**	**16.9%**	—	—	—

* Includes the respective subsidiaries, branch offices and other entities that, to the best of our Directors' knowledge, control, are controlled by or are under common control with our top five customers.

(1) Customer A is a private company established in September 1989. Customer A is located in Hong Kong.

(2) Customer B is a private company established in June 2003. Customer B is located in Shenzhen, Guangdong province with a registered capital of RMB16.5 billion.

(3) Customer C is a private company established in May 1984. Customer C is located in Shenzhen, Guangdong province with a registered capital of RMB12.0 billion.

(4) Customer D is a private company established in February 2000. Customer D is located in Shenzhen, Guangdong province with a registered capital of US$2.0 billion.

(5) Customer E is a public company established in June 2008 and listed on Stock Exchange. Customer E is located in Xiamen, Fujian province with a registered capital of US$14 million.

(6) Customer F is a private company established in December 2017. Customer F is located in Chongqing with a registered capital of RMB10.0 billion.

(7) Customer G is a private company established in July 2019. Customer G is located in Hong Kong.

(8) Customer H is a state-owned company established in April 2000. Customer E is located in Beijing with a registered capital of RMB2.3 billion.

As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five customers.

Suppliers

Our suppliers primarily include providers of certain hardware components, contract construction and other raw materials used in the production of our smart parking systems and contract manufacturing services. We have enacted supply management policy and procedures to maintain effective control of our suppliers and the quality, costs and delivery process of our supplies. We adopt a rigorous supplier selection process to evaluate their business qualifications, capacity, supply quality and pricing, among others. In particular, for suppliers of hardware components and other raw materials, our selection criteria generally cover (1) the functionalities and quality of their supplies to meet the requirements of our offerings, and (2) their technological expertise and reputation. When selecting contract manufacturing partners, we primarily consider production capacity, quality control, delivery capability, and process level. We also generally require the potential suppliers to pass our preliminary sampling tests as well as our preliminary on-site inspection. Our procurement department will then purchase from eligible suppliers in accordance with our procurement plans and procedures. We also regularly evaluate the performance of our suppliers to ensure their continuing compliance with our standards, taking into consideration the nature of supplies involved, ability to meet scheduled delivery timelines, multifaceted quality performance metrics, R&D and technical support capabilities and their commercial terms with us.

In 2022, 2023 and 2024, purchase from our top five suppliers in each year during the Track Record Period accounted for 15.4%, 17.3% and 15.9% of our total cost of sales, respectively, and purchase from our largest supplier in each year during the Track Record Period accounted for 6.5%, 7.3% and 6.4% of our total cost of sales, respectively. The following table sets forth certain information of our top five suppliers during the Track Record Period.

Supplier	Transaction amount	Percentage of total cost of sales	Year of commencement of business relationship	Principle business	Products or services procured
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2022					
Supplier A[(1)]	23,857	6.5%	2014	Manufacturing of metal products and machining of mechanical parts	Materials supply and contract manufacturing services
Supplier B[(2)]	10,470	2.8%	2020	R&D, production and sales of electromechanical control systems and related software products	Materials supply
Supplier C[(3)]	8,026	2.2%	2018	Promotion and application of tech services, integration of information systems, leasing of construction machinery and equipment, sales of construction machinery, and electrical equipment sales and repair	Materials supply
Supplier D[(4)]	7,457	2.0%	2014	Motor manufacturing; R&D of motors and control systems, manufacturing of mechanical and electrical equipment, and manufacturing of gears and gear reducers and gearboxes	Materials supply
Supplier E[(5)]	7,294	2.0%	2017	Security technology prevention system design and construction services, security equipment manufacturing, IoT equipment manufacturing	Materials supply
Total	**57,104**	**15.4%**	—	—	—

Supplier	Transaction amount	Percentage of total cost of sales	Year of commencement of business relationship	Principle business	Products or services procured
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2023					
Supplier A	28,787	7.3%	2014	Manufacturing of metal products and machining of mechanical parts	Materials supply and contract manufacturing services
Supplier B.	11,235	2.8%	2020	R&D, production and sales of electromechanical control systems and related software products	Materials supply
Supplier F[6].	9,682	2.4%	2022	Technical development of computer software and hardware, electronic products, development and sales of electronic smart products	Materials supply
Supplier G[7]	9,434	2.4%	2021	Development, design, production and sales of computer software and hardware, system integration services, sales and leasing of in-house network equipment	Technical services
Supplier H[8]	9,116	2.3%	2017	Manufacturing of electronic light sources, illumination lamps, lamp electrical accessories, as well as other lighting equipment	Materials supply and contract manufacturing services
Total	**68,254**	**17.3%**	—	—	—

Supplier	Transaction amount	Percentage of total cost of sales	Year of commencement of business relationship	Principle business	Products or services procured
	(RMB in thousands)	*(%)*			
For the year ended December 31, 2024					
Supplier A	27,855	6.4%	2014	Manufacturing of metal products and machining of mechanical parts	Materials supply and contract manufacturing services
Supplier G	11,323	2.6%	2021	Development, design, production and sales of computer software and hardware, system integration services, sales and leasing of in-house network equipment	Technical services
Supplier B	10,732	2.5%	2020	R&D, production and sales of electromechanical control systems and related software products	Materials supply
Supplier H	9,558	2.2%	2017	Manufacturing of electronic light sources, illumination lamps, lamp electrical accessories, as well as other lighting equipment	Materials supply and contract manufacturing services
Supplier I[9]	9,269	2.1%	2023	Occupational intermediary activities, and construction labor subcontracting	Outsourcing services
Total	**68,737**	**15.9%**	—	—	—

(1) Supplier A is a private company established in September 2012. Supplier A is located in Xiamen, Fujian province with a registered capital of RMB10.1 million.

(2) Supplier B is a private company established in January 2004. Supplier B is located in Xiamen, Fujian Province with a registered capital of RMB10.0 million, and refers to one or more entities that, to the best of our Directors' knowledge, are under common control with Supplier B.

(3) Supplier C is a private company established in March 2015. Supplier C is located in Xiamen, Fujian province with a registered capital of RMB1.1 million.

(4) Supplier D is a private company established in November 2003. Supplier D is located in Zhongshan, Guangdong province with a registered capital of RMB0.2 million.

(5) Supplier E is a private company established in March 2015. Supplier E is located in Dongguan, Guangdong province with a registered capital of RMB10.0 million.

(6) Supplier F is a private company established in March 2004. Supplier F is located in Shenzhen Guangdong province with a registered capital of RMB0.5 billion.

(7) Supplier G is a private company established in May 2004. Supplier G is located in Xiamen, Fujian province.

(8) Supplier H is a private company established in September 2007. Supplier H is located in Xiamen, Fujian province with a registered capital of RMB2.0 million.

(9) Supplier I is a private company established in January 2020. Supplier I is located in Chongqing with a registered capital of RMB2.0 million.

As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our top five suppliers. Our Directors confirmed that none of our major customers was also our major suppliers during the Track Record Period.

The salient terms of our agreements with suppliers are set forth as follows:

- *Delivery and acceptance*. Suppliers are required to deliver the products to our designated warehouses or project sites by the agreed deadlines. We reserve the right to inspect the goods upon delivery, and acceptance is subject to verification of quantity, quality and conformity with agreed specifications. Any non-conforming goods may be rejected or returned at the supplier's cost.

- *Pricing and payment*. The purchase price is agreed on a per-order basis and set out in the relevant purchase order or annex. Payments are typically made in instalments, with a portion payable after delivery and final payment upon acceptance. Invoices must be issued in accordance with our internal procedures and relevant tax regulations.

- *Warranty and after-sales support*. Suppliers generally provide warranty coverage for a period ranging from 12 to 24 months. During the warranty period, suppliers are obligated to repair or replace defective products free of charge. In case of recurring defects, we may claim liquidated damages or other contractual remedies.

- *Intellectual property and confidentiality*. Suppliers are prohibited from infringing third-party intellectual property rights and must indemnify us against any such claims. They are also required to maintain the confidentiality of any proprietary information obtained during our course of the cooperation.

- *Termination*. We are entitled to terminate the agreement upon material breach or delivery delays caused by the supplier. In such cases, the supplier may be held liable for the losses incurred.

DATA PRIVACY AND SECURITY

We view data privacy and security of paramount importance to our brand and reputation, and to our customers' confidence in our solutions. We have access to certain information about our customers and parking facility users in the course of our daily business operations, such as license plate numbers, parking durations and locations and user payment information.

We have designed and implemented comprehensive policies and procedures covering every aspect of our day-to-day business operations. For example, we have a data and information security management system for all employees, covering aspects such as information system access control, data storage and backup, physical data security, and data classification and desensitization. We have also put in place a comprehensive software center data security management policy to ensure effective management and monitoring of all data generated and/or collected during our operations. in particular, pursuant to our internal policies, our employees shall observe specific requirements for accessing, using and configuring our servers, network and databases, and refrain from unauthorized conducts that may jeopardize or burden our information system and infrastructure. Our employees shall comply with relevant laws and regulations on data privacy and security, and shall not access, use or disclose the data of our customers or those users unless per their requests or required by laws or regulations. We also have stringent authorization and authentication procedures in place, pursuant to which our employees only have access to the minimum level of data that are required to fulfill their roles.

We employ a variety of technical measures to prevent and detect risks and vulnerabilities regarding data privacy and security. For example, we apply tailored security measures based on the sensitivity levels of data, including masking, encryption and access control measures. To ensure privacy and data integrity during transmission, we also utilize hypertext transfer protocol secure (HTTPS) and encrypt data packets with secure sockets layer (SSL) or transport layer security (TLS), both of which are cryptographic protocols designed to secure communications over the network. In addition, we maintain data access and operation logs that record all processing activities in relation to our data, conduct aggregated analysis of user activity logs and perform real-time risk assessments to identify and interrupt high-risk activities while alerting operational personnel. Furthermore, we have established a backup and emergency response mechanism to ensure our disaster tolerance in the event of accidents such as security attacks.

We have established an information security leadership group and an information security working group, responsible for the decision-making and coordination of major issues related to corporate network and information security. They oversee the promotion of information security management related work and achieve cross-departmental collaboration. We have set up an information and data security department, which is responsible for implementing specific information security tasks, including the overall establishment of our data and information security policies and procedures. They will also coordinate our emergency response in the event of information security incidents.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material data or personal information leakage or loss, infringement of data or personal information, or information security incident. During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any litigation or dispute related to data security and personal information protection, nor had we been subject to or involved in any investigation or penalty by relevant competent regulatory authorities in this regard, that had a material adverse effect on our business, results of operations or financial condition. AllBright Law Office, our legal advisors as to PRC cybersecurity and data privacy protection laws, are of the opinion that we had complied with PRC laws and regulations on data security and personal information protection in all material respects as of the Latest Practicable Date.

COMPETITION

China's smart parking space operation industry is relatively fragmented. We face competition from other comprehensive smart parking space operators of different sizes and business modes, as well as providers of individual smart parking products and/or services. Moreover, the industry competition may continue to intensify along with the evolving technologies and customer needs, as well as the changing market landscape in terms of the types and number of competitors and degree of market adoption. The principal factors driving the competition in our industry include the functionalities and performance of our solutions, technological and R&D capabilities, accumulated industry expertise and know-how, pricing and ability to maintain and grow relationships with customers. We believe that we are well-positioned to compete effectively based on the foregoing factors. However, we operate in a competitive industry, and failure to compete effectively could adversely and materially affect our market share, business, results of operations and financial condition.

THIRD-PARTY PAYMENT ARRANGEMENTS

Background

In 2022, 2023 and 2024, a total of 1,457, 1,550 and 1,823 customers (the "Relevant Customers") settled their payments with us through third-party payors designated by them. In 2022, 2023 and 2024, payments received from third-party payors was RMB21.3 million, RMB30.8 million and RMB34.0 million, respectively, accounting for 3.3%, 4.2% and 4.3% of our total revenue for the same periods, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had not proactively initiated any of the third-party payment arrangements. Furthermore, during the Track Record Period and up to the Latest Practicable Date, we had not provided any discounts, commissions, rebates or other benefits to any of the Relevant Customers or the third-party payors to facilitate or incentivize the third-party payment arrangements, and the pricing, payment and other major terms of the agreements we entered into with the Relevant Customers were in line with other customers not involved in the third-party payment arrangements.

During the Track Record Period, the third parties designated by the Relevant Customers primarily consisted of (1) entities affiliated with the Relevant Customers, and (2) individual third-party payors, such as the directors, legal representatives and employees of the Relevant Customers. Our Directors have confirmed that none of the designated third parties who settled their third-party payments as instructed by the Relevant Customers during the Track Record Period is a connected person of our Group, and such designated third parties are independent from our Group and each of our Directors, senior management and Shareholders.

Reasons for Utilizing Third-party Payment Arrangements

To the best of our knowledge, information and belief, the use of the third-party payment arrangements by the Relevant Customers is primarily due to the following reasons:

(1) for entities affiliated with the Relevant Customers, they are arranged to pay on behalf of the Relevant Customers for internal fund allocation and management purposes; and

(2) for individual third-party payors, such as the directors, legal representatives and employees of the Relevant Customers, as such persons mainly operate their businesses on a small scale with relatively small transaction amounts, they tend to use personal accounts for easier, faster and more convenient settlements.

According to China Insights Consultancy, it is a common practice in the smart parking space operation industry in China for customers to settle payments through third-party payors to smart parking space operators, primarily because (1) for large-enterprise customers who own and operate their affiliated parking facilities, such as real estate developers, it is common for them to settle payments through their affiliated entities as a result of their liquidity and internal fund allocation needs; (2) many small-sized customers typically prefer to use personal bank accounts of directors, legal representatives, shareholders or employees for convenience due to the cumbersomeness of using corporate bank accounts; and (3) among the top ten smart parking space operators in China in terms of revenue in 2024, there exist similar third-party payment arrangements in their past or current operations.

As advised by our PRC Legal Advisors, such third-party payment arrangements do not violate the mandatory provisions of PRC laws.

Internal Control Measures

Regarding the third party-payment arrangements during the Track Record Period, we generally have sought to enter into entrusted payment agreements with the third-party payors or tri-party payment agreements with the payors together with our customers for such transactions, and/or requested the Relevant Customers and their designated third-party payors to provide confirmations on the following points, among others: (1) the Relevant Customers have delegated their payment obligations under the terms of the original agreements with our Group to their respective designated third-party payors, which undertake to pay the transaction amounts directly to our Group under the same terms; (2) our Group is entitled to seek payments from the Relevant Customers in the event that the designated third-party payors fail to perform the payment obligations in full or in part; (3) our Group has not been involved in any risks or disputes, nor subject to any investigations or penalties, arising from third-party payment arrangements, and the funds involved are from legitimate sources and are not used for illegal purposes; and (4) the third-party payors, including their respective affiliates, are independent from our Group and each of our Directors, senior management and Shareholders.

As of the Latest Practicable Date, we had also implemented enhanced internal control measures to safeguard our interests and reduce potential risk associated with third-party payment arrangements, including, among other things:

(1) during our ordinary course of business, we communicate and require our customers to settle the relevant amounts with us directly and not engage in third-party payments;

(2) for customers who are unable to directly settlement payments with us, we require that such customers must (i) communicate relevant information to us, including, among others, the identity and back account information of the involved third-party payors; (ii) obtain the approval of our finance department; and (iii) enter into a tri-party payment agreement together with us and the third-party payors;

(3) before accepting any third-party payments, we are required to verify the payment information against our internal record to ensure that such payments are settled through the relevant third-party payor's account as identified in the relevant tri-party payment agreement;

(4) if a tri-party payment agreement could not be entered instantly, we implement additional stringent internal procedures to determine whether to retain or reject such third-party payments; and

(5) our finance department regularly review all third-party payments to verify the payment information and amounts.

We have established a special supervisory team consisting of employees from sales department, finance department and legal department to jointly supervise and monitor the implementation of measures. The internal control consultant performed a review of the internal control measures as described above on third-party payments and did not have further recommendations. Our Directors are of the view that the foregoing internal control measures are effective and adequate in reducing risks associated with third-party payment arrangements, and our Directors will oversee the effectiveness of the afore-mentioned internal control measures going forward.

Considering that the revenue contribution by third-party payments during the Track Record Period was immaterial to our business, and that our business continues to grow during the above-mentioned rectification process, we believe that our control of third-party payments will not have a material adverse effect on our business, results of operations, financial condition and prospects.

LICENSES, PERMITS AND APPROVALS

During the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits and approvals necessary to conduct our operations in all material respects from the relevant government authorities in China, and such licenses, permits and approvals remained in full effect. We do not anticipate any legal impediments in the renewal process of such licenses, permits and approvals as long as we meet the substantive and procedural requirements stipulated in the relevant PRC laws and regulations.

The following table sets out a list of material licenses, permits and approvals currently held by us.

License/Permit/Approval	Holder	Granting authority	Expiry date
High and New Technology Enterprise Certificate (高新技術企業證書)	Our Company	Xiamen Municipal Bureau of Science and Technology, Xiamen Municipal Bureau of Finance, Xiamen Municipal Bureau of Tax Service of State Administration of Taxation	2027
High and New Technology Enterprise Certificate	Keytop R&D Center	Xiamen Municipal Bureau of Science and Technology, Xiamen Municipal Bureau of Finance, Xiamen Municipal Bureau of Tax Service of State Administration of Taxation	2026
China National Compulsory Product Certification Certificate (中國國家強制性產品認證證書) for Vehicle Search Terminal (Self-service Terminal) . . .	Our Company	China Quality Certification Center	August 26, 2026
China National Compulsory Product Certification Certificate for Vehicle Search Terminal (Self-service Terminal) . . .	Our Company	China Quality Certification Center	March 22, 2027

License/Permit/Approval	Holder	Granting authority	Expiry date
China National Compulsory Product Certification Certificate for Parking Fee Self-service Payment Machine (Wall-mounted) (Self-service Terminal) . . .	Our Company	China Quality Certification Center	August 26, 2026
China National Compulsory Product Certification Certificate for Charging Server.	Our Company	China Quality Certification Center	June 25, 2026
Fixed Pollutant Source Emission Registration Receipt (固定污染源排污登記回執).	Our Company	Ministry of Ecology and Environment of the PRC	November 18, 2025
Foreign Trade Operator Registration (對外貿易經營者備案登記)	Our Company	Xiamen Municipal Bureau of Commerce	N/A
Customs Declaration Unit Registration Certificate (報關單位註冊登記證書) .	Our Company	Xiamen Customs District of the PRC	N/A
Fixed Pollutant Source Emission Registration Receipt.	Jida United Precision Machinery (Xiamen) Co., Ltd. (吉大聯合精密機械(廈門)有限公司)	Ministry of Ecology and Environment of the PRC	April 5, 2026

INTELLECTUAL PROPERTY

Intellectual property rights are fundamental to our business, and we devote significant time and resources to their development and protection. We rely on a combination of contractual restrictions, confidentiality procedures, and intellectual property registration to establish and protect our proprietary technologies. We have set up an intellectual property department to curate and implement our intellectual property strategies, coordinate related internal trainings and monitor and protect against risks relating to our intellectual properties. We also set up intellectual property review committee to evaluate our intellectual property status regularly.

As of the Latest Practicable Date, we had registered 103 patents, 105 trademarks, 155 software copyrights and nine copyrights in mainland China. As of the same date, we had also registered six trademarks in Hong Kong and other countries and regions. For details, see "Statutory and General Information — 2. Further Information about Our Business — B. Our intellectual property rights" in Appendix IV to this document for details.

During the Track Record Period and up to the Latest Practicable Date, we had not identified breaches of our intellectual property rights which, viewed alone or in the aggregate, had a material impact on our business, results of operations or financial condition, nor had we had any material dispute or legal proceeding concerning intellectual property rights with third parties.

EMPLOYEES

Our success depends on our ability to attract, retain and motivate qualified personnel with background and experience in the relevant industries. As of December 31, 2024, we had 1,934 full-time employees, all of which were located in mainland China and Hong Kong. The following table sets forth a breakdown of our full-time employees by function as of December 31, 2024.

	As of December 31, 2024	
Function	**Number of employees**	**% of total**
Management and general administration	245	12.7%
R&D	204	10.5%
Sales and marketing	719	37.2%
Manufacturing	109	5.6%
Technology and operations	657	34.0%
Total	**1,934**	**100.0%**

We recruit our employees through different channels, including online recruitment, job fairs, referrals and recruitment agencies. As part of our human resource strategy, we offer employees competitive salaries, performance-based bonuses and other incentives. We also strive to enhance our talent base and human resource management through organizing systematic training programs and improving our employee performance evaluation system.

As required under PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety and grounds for termination. In addition, we generally enter into standard confidentiality and non-compete agreements with our key employees. In accordance with PRC regulations, we participate in and make contributions to social insurance, including pension, medical, maternity, work-related injury and unemployment, and housing provident fund.

We believe that we maintain a good working relationship with our employees, and we had not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

PROPERTIES

Our headquarters is located in Xiamen, Fujian province. We own and lease properties in China. As of December 31, 2024, we had no single property with a carrying amount of 15% or more of our consolidated total assets. According to Section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of Section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report as described under paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance.

As of the Latest Practicable Date, we had 29 land use rights and/or owned properties in Xiamen, Fujian province and other cities comprising (1) two construction projects in progress and (2) 27 real properties primarily used as our production facilities, office premises and parking facilities. We have obtained title certificates for such land use rights and/or owned properties. The two construction projects consist of (1) a new production facility with a site area of 23,366.60 square meters, and (2) a new office building with a site area of 4,404.28 square meters. See "— Production — Expansion Plan" for details.

As of the Latest Practicable Date, we also operated our business through 84 leased properties with an aggregate gross floor area of over 28,053.14 square meters, which were primarily used as our office premises and production facilities.

Our lease agreements in respect of the above-mentioned leased properties generally had expiration dates ranging from April 2025 to May 2028. We plan to renew our leases or negotiate new terms when the existing leases expire. Wedid not experience material difficulties in negotiating renewal of our leases with our lessors during the Track Record Period and up to the

Latest Practicable Date. We believe that there is sufficient supply of such properties in China and other jurisdictions in which we operate.

INSURANCE

We maintain certain insurance policies. For example, to better protect our properties and manage risks, we maintain insurance policies covering our production facilities, buildings and operational equipment used in our smart services business. We consider our insurance coverage to be adequate as we have in place all the mandatory insurance policies required by PRC laws and regulations and in accordance with the commercial practice in our industry. Our employee-related insurance includes the social insurance and housing provident fund as required by PRC laws and regulations.

However, in line with general market practice, we do not maintain any business interruption insurance or keyman life insurance, which are not mandatory under PRC laws. We also do not maintain insurance policies covering damages to our technological infrastructure such as servers, network and databases. During the Track Record Period and up to the Latest Practicable Date, we had not made or been the subject of any material insurance claims. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. For details, see "Risk Factors — Risks Relating to Our Business and Industry — Our limited insurance coverage could expose us to significant costs and business disruption."

AWARDS AND RECOGNITION

We have established strong brand and reputation with our technological capabilities and trustworthy products and services. The following table sets forth certain significant awards and recognition we have received.

Awarding Year	Award/Recognition	Issuing Organization
2025	National High and New Technology Enterprise (2024–2027) (國家高新技術企業 (2024–2027))	Xiamen Municipal Bureau of Science and Technology (廈門市科學技術局), Xiamen Municipal Bureau of Finance (廈門市財政局), Xiamen Municipal Bureau of Tax Service of State Taxation Administration (國家稅務總局廈門市稅務局)

Awarding Year	Award/Recognition	Issuing Organization
2024	Xiamen Future Industry Major Science and Technology Program Project (廈門市未來產業重大科技計畫項目)	Xiamen Municipal Bureau of Science and Technology
2024	Xiamen Future Industry Backbone Enterprise (廈門市未來產業骨幹企業)	Xiamen Municipal Bureau of Science and Technology
2024	2024 Outstanding City-level Smart Parking Enterprise (2024年度城市級智慧停車優秀企業)	National Industry Association for On-street Parking (道路停車行業聯盟)
2024	Xiamen Key Industrial Enterprise (廈門市重點工業企業)	Xiamen Municipal Bureau of Industry and Information Technology (廈門市工信局)
2023	City-level Smart Parking Leading Enterprise (城市級智慧停車領軍企業)	National Industry Association for On-Street Parking
2023	2023-2024 China Security Industry Top 10 Brands (Smart Parking Sector) (2023–2024年度中國安防行業十大品牌(智慧停車領域))	China Security Industry Top 10 Brands Selection Committee and Security Industry Digital Transformation Media Platform (安防產業數字化轉型全媒體平台)
2023	2023 "Future Unicorn" Innovation Enterprise in Core Digital Economy Industries of Fujian Province (2023年度福建省數字經濟核心產業"未來獨角獸"創新企業)	Digital Fujian Construction Leading Group Office (福建省數字福建建設領導小組辦公室)

Awarding Year	Award/Recognition	Issuing Organization
2022	Technology Little Giant Enterprise of Fujian Province (福建省科技小巨人企業)	Department of Science and Technology of Fujian Province (福建省科技廳), Development and Reform Commission of Fujian Province (福建省發改委) and Department of Industry and Information Technology of Fujian Province (福建省工信廳)

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, investigations and claims arising in the ordinary course of our business from time to time. As of the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceeding pending or, to our knowledge, threatened against us or any of our Directors that could have a material and adverse effect on our business, results of operations and financial condition.

Compliance

We are subject to a number of regulatory requirements and guidelines issued by the regulatory authorities in China. During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws and regulations, or experience any systemic non-compliance incident which, taken as a whole, in the opinion of our Directors, is likely to have a material adverse effect on our business, results of operations and financial condition.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

We believe that strong management on environmental, social and corporate governance ("ESG") is essential to the sustainability of our business. We have made numerous ESG endeavors to create value not only for our customers and us but also for our employees, our communities and the society. In particular, our Board [has] adopted a comprehensive ESG policy in accordance with the Listing Rules, which sets forth our corporate social responsibility objectives and provides guidance on practicing corporate social responsibility in our daily operations. Our Board has the collective and overall responsibility for establishing, adopting and reviewing the ESG vision, policy and target of our Group, and evaluating, determining and addressing our ESG-related risks at least once a year. Our Board may assess the ESG risks and review our existing strategies, targets and internal controls. Necessary improvements will then be implemented to mitigate the risks.

Due to the nature of our business, we are not subject to significant health, work safety, social or environmental risks. Nonetheless, we are committed to innovating services that empower businesses in a way that also protects the environment and resources. Furthermore, we have taken measures to facilitate the environmental-friendliness of our workplace by encouraging, among other things, an energy-saving culture within our Company. We have implemented internal policies to reduce our carbon footprint through a number of measures, such as (1) switching off lights and powers for electronic devices when not used, (2) examining water supply devices regularly and turning off water taps if not in use to save water, and (3) using double-sided printing of documents to the extent possible and developing a paperless office. In addition, we have implemented internal environmental protection policies at our production facilities to minimize the environmental impact of our manufacturing activities. These include measures to reduce air and noise pollution, such as equipping dust-generating production lines with dust filtration systems and installing noise-reducing enclosures for high-decibel equipment. We also monitor and manage wastewater discharge and solid waste disposal through standardized procedures to prevent secondary contamination. These initiatives form part of our broader efforts to build a resource-efficient and environmentally responsible manufacturing system.

Under our ESG Policy, we aim to build a sustainable community with our employees, communities and other stakeholders by supporting initiatives that aim to create effective and lasting benefits. Our employees are crucial to our success, and we aim to foster a corporate culture that not only empowers innovation and achievements, but also contributes to the individual development and wellness of our employees. We invest heavily in employee training programs, including new employee onboard training, internal procedure and management training, and product and technology related training, covering the important aspects of their work. We also value the health, safety and wellness of our employees, and continue to arrange various activities to help them enjoy a better quality of life and contribute to our success. We strictly abide by applicable laws, regulations and internationally recognized practices in conducting our operations and have implemented work safety guidelines setting out safety practices, accident prevention and accident reporting procedures to protect our employees.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material claim or penalty in relation to health, safety, social and environmental protection, or been involved in any significant workplace accident or fatality. During the Track Record Period, our expenses in relation to environmental protection were insignificant and we expect such expenses to remain at relatively low levels in the foreseeable future.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

We have designated responsible personnel in our Company to monitor the ongoing compliance by our Company with the relevant PRC laws and regulations that govern our business operations and oversee the implementation of necessary measures. In addition, we plan to provide our Directors, senior management and relevant employees with continuing training programs and/or updates regarding the relevant PRC laws and regulations on a regular basis with a view to proactively identify any concern and issue relating to any potential non-compliance.

We have adopted internal rules and policies governing various aspects of our business operations and management, including information system, physical assets, procurement, sales and marketing, financial reporting and human resources. For example, we have designed and implemented a series of internal control policies and procedures relating to our information system, such as encryption and authorization procedures, and data security practice guidelines for our employees. See "— Data Privacy and Security" for details. In addition, we have established internal control policies covering various aspects of human resource management such as recruiting, training, work ethics and legal compliance. Furthermore, we have adopted a set of policies and procedures in connection with our financial reporting management, such as financial and accounting policies, budget management procedures and financial statement preparation procedures.

During the Track Record Period, our Directors did not identify any material internal control weakness or failure. We have also engaged an independent internal control consultant to carry out a review work of our internal control in March 2025 and a follow-up review in April 2025 which covers corporate governance level and business process level in connection with the **[REDACTED]**. Our internal control consultant put forward recommendations in March 2025 based on such review. We have implemented rectification and improvement measures, as the case may be, in response to their findings and recommendations. The internal control consultant performed follow-up procedures on our remedial measures in April 2025 and no further recommendation was raised by the internal control consultant. After considering the remedial measures that we have taken, our Directors are of the view that our internal control system is adequate and effective for our current operations.

In addition, we have also appointed CMBC International Capital Limited as our external compliance advisor with effect from the date of the **[REDACTED]** to advise on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong.

Risk Management

We are exposed to various risks in the operations of our business and we believe that risk management is important to our success. Key operational risks faced by us include, among others, our ability to retain and grow our customer base and usage, our ability to respond to technological changes, competition in the relevant industries, and our ability to successfully expand to and develop market recognition in various industry sectors. See "Risk Factors" for disclosures on various risks we face. In addition, we also face numerous market risks, such as foreign currency risk, credit risk and liquidity risk that arise in the ordinary course of our business. See "Financial Information — Quantitative and Qualitative Disclosures of Financial Risks" for details.

We have implemented various policies and procedures to ensure effective risk management at each aspect of our operations, including administration of daily operations, data security, financial reporting procedures, and compliance with applicable laws and regulations. Our Board oversees and manages the overall risks associated with our operations. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. See "Directors and Senior Management — Board Committees — Audit Committee" for the qualifications and experience of these committee members as well as a detailed description of the responsibility of our audit committee. We have adopted with effect from the **[REDACTED]** written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules.

OVERVIEW

As of the Latest Practicable Date, Mr. Sun and Mr. Huang, who have entered into the joint control arrangements, were entitled to collectively control 53.65% of the voting power at the general meetings of our Company, comprising (1) 26.37% beneficially owned by Mr. Sun directly, (2) 23.94% beneficially owned by Mr. Huang directly, and (3) 3.34% beneficially owned by Hualong Electronics, which is a company with limited liability controlled and owned by Mr. Huang and Mr. Sun as to 51.00% and 49.00%, respectively. Upon the **[REDACTED]**, Mr. Sun and Mr. Huang will collectively control **[REDACTED]**% of the voting power at the general meetings of our Company, comprising (1) **[REDACTED]**% beneficially owned by Mr. Sun directly, (2) **[REDACTED]**% beneficially owned by Mr. Huang directly, and (3) **[REDACTED]**% beneficially owned by Hualong Electronics, assuming the **[REDACTED]** is not exercised. Therefore, Mr. Sun, Mr. Huang and Hualong Electronics constituted as of the Latest Practicable Date and will continue to constitute upon the **[REDACTED]** a group of Controlling Shareholders. See "History, Development and Corporate Structure — Joint Control Arrangements" for details of the joint control arrangements between Mr. Sun and Mr. Huang.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Controlling Shareholders have confirmed that as of the Latest Practicable Date, none of them or any of their respective close associates had any interest in a business that competes or is likely to compete, either directly or indirectly, with our business, which is subject to disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Management Independence

Our business is primarily managed and conducted by our Board and senior management. Upon the completion of the **[REDACTED]**, our Board will comprise of two executive Directors, two non-executive Directors and three independent non-executive Directors. See "Directors and Senior Management" for more information of our Directors. Save for Mr. Sun, one of our executive Directors, the chairman of our Board and the general manager of our Company, and Mr. Huang, the other executive Director, who served as the director and the general manager of Hualong Electronics, respectively, none of our Directors or senior management will hold any position in Hualong Electronics.

Our Directors believe that our Board and senior management is able to manage our business and function independently from our Controlling Shareholders based on the following reasons:

(1) each of our Directors is aware of his/her fiduciary duties as a Director of our Company which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(2) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;

(3) we have three independent non-executive Directors, who have extensive experience in different areas and have been appointed to ensure that the decisions of our Board are made after due consideration of independent and impartial opinions. Certain matters of our Company must always be referred to the independent non-executive Directors for review in accordance with the Listing Rules, the applicable laws and our Articles of Associations and internal policies;

(4) our daily management and operations are carried out by a senior management team. Except Mr. Sun and Mr. Huang, our senior management team members are independent from our Controlling Shareholders, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group; and

(5) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance."

Operational Independence

Independent Operations

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our Controlling Shareholders or their respective close associates. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and research and development facilities necessary to carry on our business.

We have sufficient capital, facilities, equipment and employees to operate our business independently from the members of our Controlling Shareholders and their respective close associates. We also have independent access to our customers and suppliers.

Related Party Transactions and Connected Transactions

We conducted certain transactions with our Controlling Shareholders and/or their close associates during and subsequent to the Track Record Period.

Procurement of Raw Materials

Hualong Electronics is primarily engaged in the manufacturing and sales of electronic products, including coils, cable harness and printed circuit board assembly ("PCBA") modules, and the related online operations. Wuxi Geomatec Optoelectronic Technology Co., Ltd. (無錫吉奧馬光電科技有限公司) ("Wuxi Geomatec") is controlled and owned by Mr. Sun and Mr. Huang as to 51.00% and 49.00%, respectively, and therefore a close associate of our Controlling Shareholders. It is primarily engaged in R&D, manufacturing and sales of anti-reflective glasses. Both PCBA modules and anti-reflective glasses are necessary raw materials for manufacturing of our certain terminal devices products, such as the cameras and intercom devices for parking fee management systems. During the Track Record Period, we procured high quality PCBA modules and anti-reflective glasses from Hualong Electronics and Wuxi Geomatec, respectively. Such transactions were entered into on normal commercial terms, in our ordinary and usual course of business and in the interest of our Company and our Shareholders as a whole. Our Directors believe that the relevant procurement transactions do not indicate any undue reliance by our Company on our Controlling Shareholders as we may purchase such raw materials from independent suppliers. For the year ended December 31, 2022, 2023 and 2024, the transaction amount in connection with the procurement of PCBA modules from Hualong Electronics was nil, nil and RMB112,400, respectively, and the transaction amount in connection with the procurement of anti-reflective glasses from Wuxi Geomatec was nil, RMB22,100 and RMB693,900, respectively. See Note 33 to the Accountants' Report in Appendix I to this document for details. After the **[REDACTED]**, we expect such transactions will continue and each will be de minimis continuing connected transactions under Rule 14A.76 of the Listing Rules. In the case that either of such transactions does not constitute a fully-exempt continuing connected transaction after the **[REDACTED]**, we will comply with the reporting, announcement, annual review, and/or the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in a timely manner.

Procurement of Value-added Telecommunication Services

During the Track Record Period, we held a value-added telecommunications business operation license for Internet information service (the "ICP License") for the operation of "Speed Parking", which involved the operation of a website under the domain name "keytop.cn", and constituted the provision of value-added telecommunication services. See "Business — Our Offerings — Platform Operations (平台經營) — Speed Parking (速停車)" for more details of such business. However, foreign investors may hold an aggregate of no more than 50% of the total equity in any value-added telecommunications business in the PRC. According to the Negative List and the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》), additional value-added telecommunication service business is considered "restricted," which is subject to restrictions on percentage of foreign ownership (not holding more than 50%, except for e-commerce, domestic multi-party communications, storage-forwarding and call centers). To minimize the impact from such foreign ownership restriction under the PRC laws on the implementation of the Company's "**[REDACTED]**" plan and the **[REDACTED]**, we decided to cease to operate ourselves such website, deregister the ICP License and procure website operation and maintenance services from a third party. In order to ensure a smooth transition, avoid any unexpected disruption of the operation of our "Speed Parking" and reduce administrative cost in the course of communication and coordination, we decided to procure website operation and maintenance services from Hualong Electronics, an ICP License holder which has an established operation team in charge of its online operations. On March 19, 2025, Hualong Electronics and our Company entered into a service procurement agreement (the "Website Service Procurement Agreement"), pursuant to which, Hualong Electronics agreed to provide and we agreed to procure operation and maintenance services in connection with the website under the domain name of "stytc.cn". The initial term of the Website Service Procurement Agreement will end on December 31, 2027, subject to renewal for three years upon mutual agreement and in compliance with the Listing Rules. The service fee under the agreement is RMB108,000 per annum including tax, determined after arm's length negotiations with reference to the nature and content of the services, the costs that Hualong Electronics may incur in connection with the services and the price of similar services provided by other third party service providers. Such transaction was and will be entered into on normal commercial terms, in our ordinary and usual course of business and in the interest of our Company and our Shareholders as a whole. After the **[REDACTED]**, we expect such transaction will continue and will be a de minimis continuing connected transaction under Rule 14A.76 of the Listing Rules. In the case that such transaction does not constitute a fully-exempt continuing connected transaction after the **[REDACTED]**, we will comply that with the reporting, announcement, annual review, and/or the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in a timely manner. As advised by the PRC Legal Advisors after consulting with the competent authority, our adoption of the above transaction arrangement does not violate mandatory provisions on value-added telecommunications services.

Based on the above, our Directors believe that we are capable of carrying on our business independently of the members of our Controlling Shareholders and their close associates.

Financial Independence

We have an independent financial system. Our Group's accounting and finance functions are independent of the members of our Controlling Shareholders and their close associates. Our Group makes financial decisions according to our own business needs. Our Group's major finance operations are handled by our financial management department, which operates independently from the members of our Controlling Shareholders and their close associates. We do not share any other functions or resources with the members of our Controlling Shareholders or their close associates.

We primarily finance our business operation through cash generated from our business activities and equity financing activities. During the Track Record Period and up to the Latest Practicable Date, certain bank loans to the Group were guaranteed by our Controlling Shareholders. As of February 28, 2025, being the latest practicable date for liquidity disclosure in this document, the outstanding amount of such guaranteed loans (including principals and accrued interests) was RMB26.5 million. Such guarantees will be released upon the **[REDACTED]** as confirmed by the relevant banks.

Save for the above, none of the members of our Controlling Shareholders or their respective associates financed our operations during the Track Record Period. Our Directors confirm that our Group does not intend to obtain any borrowings, guarantees, pledges or mortgages from any of our Controlling Shareholders or entities controlled by our Controlling Shareholders. Our Directors believe that our Group is able to operate with financial independence from the members of our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE

We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our Controlling Shareholders and safeguard the interest of our Shareholders, including:

(1) where a Shareholders' meeting is to be held for considering proposed transactions in which the members of our Controlling Shareholders or any of their close associates has a material interest, our Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(2) our Company has established internal control mechanism to identify connected transactions. After the **[REDACTED]**, our Company will comply with the requirements in connection with connected transactions under the Listing Rules;

(3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company's expense;

(4) we have appointed CMBC International Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance;

(5) we have established the Audit Committee, Remuneration Committee and Nomination Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code;

(6) our Controlling Shareholders will confirm the status of their non-competing interest on an annual basis and to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by our Company; and

(7) our Company will disclose decisions (with basis), if any, on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the members of our Controlling Shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

OVERVIEW

Upon the **[REDACTED]**, the Board of Directors will consist of seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The Board is responsible, and has general authority for, the management and operation of the Company. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office.

Our senior management is responsible for the day-to-day operations of the Company.

All of the Directors and senior management have met the qualification requirements under the relevant PRC laws and regulations and the Listing Rules for their respective positions.

BOARD OF DIRECTORS

The following table sets forth certain information regarding the members of our Board.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Executive Directors						
Mr. Sun Longxi (孫龍喜)	[47]	Chairman of the Board, executive Director and general manager	June 27, 2006	January 12, 2009	Responsible for the overall strategic planning, business direction and management of our Group	Joint control with Mr. Huang
Mr. Huang Jinlian (黃金練)	[53]	Executive Director	June 27, 2006	August 8, 2011	Responsible for the overall strategic planning of our Group	Joint control with Mr. Sun
Non-executive Directors						
Mr. Wang Zhongsheng (王忠生)	[49]	Non-executive Director	July 2, 2012	April 11, 2025	Responsible for providing advice and opinions on matters concerning employees of our Group	N/A
Mr. Ye Hua (葉樺) . .	[55]	Non-executive Director	February 24, 2020	February 24, 2020	Responsible for the supervision of the management team and the protection of Shareholders' benefits	N/A

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Responsibility	Relationship with other Directors and senior management
Independent non-executive Directors						
Dr. Li Xiaolin (李小琳)	[46]	Independent non-executive Director	March 22, 2021	March 22, 2021	Responsible for providing independent advice on the operations and management of our Group	N/A
Dr. Su Xinlong (蘇新龍)	[60]	Independent non-executive Director	March 22, 2021	March 22, 2021	Responsible for providing independent advice on the operations and management of our Group	N/A
Mr. Chen Linwei (陳琳偉)	[50]	Independent non-executive Director	April 11, 2025	April 11, 2025	Responsible for providing independent advice on the operations and management of our Group	N/A

Executive Directors

Mr. Sun Longxi (孫龍喜), aged [47], is our founder, chairman of the Board, executive Director and general manager, and was appointed as an executive Director and general manager of our Company in January 2009. Mr. Sun is primarily responsible for the overall strategic planning, business direction and management of our Group.

Mr. Sun obtained a bachelor's degree in computer software from the School of Information Science and Technology, Changchun Science University (長春科技大學信息科學與技術學院) in the PRC in July 1999, which was merged into Jilin University (吉林大學) in November 2000. In addition, he obtained an executive master of business administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in July 2019.

Mr. Huang Jinlian (黃金練), aged [53], is our executive Director. Mr. Huang joined our Company in June 2006. Mr. Huang was appointed as Chairman of the Board in August 2011 and was redesignated as an executive Director in April 2025. Mr. Huang is primarily responsible for the overall strategic planning of our Group.

Mr. Huang is experienced in business management and operations. Mr. Huang has served as the president of Seiko International CO., LTD., a company incorporated in Japan primarily engaged in trading business, since July 1997. Mr. Huang has served as a chairman in (1) Xiamen Gukuang Future Technology Investment Co., Ltd. (廈門谷曠未來科技投資有限公司), a company primarily engaged in equity investment, since August 2023, (2) Celebrand Asia Company Limited (銘品亞洲股份有限公司), a company primarily engaged in equity investment, since December 2010 and (3) Qixigu Cultural Communications (Beijing) Co., Ltd. (栖息谷文化傳播(北京)有限公司), a company primarily engaged in cultural communications, since May 2006. Mr. Huang has also served as an executive director in (1) Kunshan Jedic Electronic Co., Ltd. (昆山杰迪克電子有限公司), a company primarily engaged in electronic technology, since November 2023 and (2) Suzhou OPC Photoelectric Co., Ltd. (蘇州歐匹希光電有限公司), a company primarily engaged in electronic technology, since November 2023. Prior to such experiences, from May 2011 to September 2020, Mr. Huang served as the chairman in Mingpin (Suzhou) Environmental Protection Technology Co., Ltd. (銘品（蘇州）環保科技有限公司), a company primarily engaged in environmental business. From December 2003 to May 2014, he served as the chairman in Seiko International (Taicang) Co., Ltd. (盛興環保資源（太倉）有限公司), a company primarily engaged in environmental business.

Mr. Huang obtained his bachelor's degree in management and information science from Josai International University (城西國際大學) in Japan in March 1996. In addition, he obtained a master's degree in commerce from the Graduate School of Takushoku University (拓殖大學大學院) in Japan in March 1998.

Non-executive Directors

Mr. Wang Zhongsheng (王忠生), aged [49], is our non-executive Director. Mr. Wang joined our Company in July 2012 and was appointed as a non-executive Director in April 2025. Mr. Wang is an employee Director, being primarily responsible for providing advice and opinions on matters concerning employees of our Group.

Prior to joining our Company, from May 2005 to June 2012, Mr. Wang worked in Fujian Jinjiang Tap Water Co., Ltd. (福建省晉江自來水股份有限公司), a state-owned joint stock company primarily engaged in tap water supply. From January 2000 to February 2003, Mr. Wang worked in Fujian Ton Yi Tinplate Co., Ltd. (福建統一馬口鐵有限公司), a company with limited liability primarily engaged in the production of tinplate.

Mr. Wang obtained an associate's degree in applied electronics from Zhangzhou Institute of Technology (漳州職業大學) in the PRC in July 1998.

Mr. Ye Hua (葉樺), aged [55], is our non-executive Director. Mr. Ye joined our Company in February 2020 as a Director. Mr. Ye is primarily responsible for the supervision of the management team and the protection of Shareholders' benefits.

Mr. Ye has served as a vice president in Chongqing Gaund Holding Group Co., Ltd. (重慶冠達控股集團有限公司), a company primarily engaged in finance business, since November 2018. Prior to that, from August 2011 to November 2018, Mr. Ye served as a vice president in Chongqing Gaund Century Cruises Ltd. (重慶冠達世紀遊輪有限公司), a company primarily engaged in tourism business. From July 2006 to August 2012, Mr. Ye served as a senior management member in Chongqing New Century Cruise Co., Ltd. (重慶新世紀遊輪股份有限公司), a company primarily engaged in tourism business. From November 2000 to November 2006, Mr. Ye served successively as a director of market research and development center, and a vice president Chongqing New Century International Travel Agency Co., Ltd. (重慶新世紀國際旅行有限公司), a company primarily engaged in tourism business.

Mr. Ye graduated from East China Normal University (華東師範大學) in Shanghai, the PRC in July 1991.

Independent Non-executive Directors

Dr. Li Xiaolin (李小琳), aged [46], is our independent non-executive Director, appointed in March 2021. Dr. Li is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Li is experienced in the computer technology. She has served as a professor in the business school of Nanjing University (南京大學), a reputed comprehensive university in Nanjing, the PRC, since December 2019. Prior to that, from December 2007 to December 2019, Dr. Li successively served as a lecturer and an associate professor in the school of business of Nanjing University.

Dr. Li obtained her bachelor's degree in computer software from Jilin University (吉林大學), China in July 1999. In addition, Dr. Li obtained her master's degree in computer application and doctorate's degree in computer software and theory from Jilin University (吉林大學) in Changchun, the PRC in June 2002 and December 2005, respectively.

Dr. Su Xinlong (蘇新龍), aged [60], is our independent non-executive Director, appointed in March 2021. Dr. Su is primarily responsible for providing independent advice on the operations and management of our Group.

Dr. Su is an expert in accounting. He has served as an independent non-executive Director in (1) Ande Zhilian Supply Chain Technology Co., Ltd. (安得智聯供應鏈科技股份有限公司), a company primarily engaged in the logistics industry, since August 2023, and (2) Epiworld International Co., Ltd. (瀚天天成電子科技(廈門)股份有限公司), a company primarily engaged in the semiconductor industry, since May 2023. Prior to that, from April 1999 to July 2015, he successively served as an independent director, a vice general manager and a supervisor of Shanghai Chuangxing Resource Development Group Co., Ltd. (上海創興資源開發股份有限公司, "Chuangxing Resource"), a company listed on the Shanghai Stock Exchange (stock code: 600193), respectively. From December 2002 to May 2024, Dr. Su successively served as an associate professor and a professor in the department of business management of Xiamen University (廈門大學), a reputable comprehensive university in Xiamen, the PRC.

Dr. Su obtained his bachelor's degree in economics and master's degree in accounting from Xiamen University in July 1985 and July 1996, respectively. In addition, he obtained his doctorate's degree in management science and engineering from Wuhan University of Technology (武漢理工大學) in Wuhan, the PRC in December 2008.

Dr. Su was accredited as a certified public accountant in China in September 1994.

In August 2015, the CSRC issued an administrative penalty decision to Chuangxing Resource and Dr. Su, among others, as to the inaccuracy and incompleteness of a connected transaction announcement issued by Chuangxing Resource in 2012, when Dr. Su was its supervisor. Pursuant to the administrative penalty decision, Dr. Su was imposed a warning and a penalty of RMB50,000, which he has fully paid up. As of the Latest Practicable Date and to our best knowledge, this incident has been concluded and there has not been any further regulatory request to or action against Dr. Su from the Shanghai Stock Exchange, the CSRC or other competent authorities as to this incident. Considering (i) such incident has been concluded long before the commencement of the Track Record Period, (ii) Dr. Su was not involved in the decision-making and execution of the relevant transaction, (iii) Dr. Su has completed relevant trainings and reviewed rectification measures after receiving the decision letter, and (iv) there was no dishonesty, fraud or integrity-related issues from Dr. Su, our Company is of the view that such incident would not affect the suitability of Dr. Su as our Director under Rules 3.08 and 3.09 of the Listing Rules.

Mr. Chen Linwei (陳琳偉), aged [50], is our independent non-executive Director, appointed in April 2025. Mr. Chen is primarily responsible for providing independent advice on the operations and management of our Group.

Mr. Chen has been experienced in legal work. Mr. Chen has served as a director in Hong Kong Comtech Digital Technology Limited (香港科通數字設備有限公司), a company primarily engaged in the smart security equipment business, since October 2023. Prior to that, from December 2006 to July 2007, Mr. Chen worked in Micron Semiconductor (Xiamen) Co., Ltd. (美光(廈門)半導體有限公司), a company which was engaged in the semiconductor industry.

Mr. Chen obtained an associate's degree in public security from Fujian Police College (福建省公安幹部學校, which is currently known as 福建警察學校) in Fuijian Province, the PRC in September 1994.

SENIOR MANAGEMENT

Mr. Sun Longxi (孫龍喜), aged [47], is our founder, chairman of the Board, executive Director and general manager of our Company. See "— Board of Directors — Executive Directors" for his biographical details.

Mr. Huang Yuanzhong (黃遠忠), aged [46], is our vice general manager. Mr. Huang joined our Company in September 2006 as a regional manager and was appointed as a vice general manager in June 2015. Mr. Huang is responsible for the overall coordination of sales department, team building and the establishment of internal policies in relation to key performance indicators.

Mr. Huang has more than 20 years of experience in sales. Prior to joining our Company, from April 2004 to August 2005, Mr. Huang worked in Xiamen Xima Data Technology Co., Ltd. (廈門市西碼數據技術有限公司), a company which was primarily engaged in the computer and electronics business.

Mr. Huang obtained his associate's degree in financial accounting from Nanchang University (南昌大學) in Jiangxi Province, the PRC in June 2000.

Mr. Xu Lihua (徐麗華), aged [45], is our vice general manager. Mr. Xu joined our Company in June 2006 as a senior engineer and was appointed as a vice general manager in June 2015. Mr. Xu is primarily responsible for the management of the Company's daily operations, coordination and supervision of the administrative department and the supply chain department.

Mr. Xu has approximately 20 years of experience in the electronics related business.

Mr. Xu graduated from Fujian College of Water Conservancy Electric Power (福建水利電力學校) in Fujian Province, the PRC in July 2000.

Ms. Wu Yiting (吳怡婷), aged [41], is our Board secretary and joint company secretary. Ms. Wu joined our Company in March 2010 as a marketing manager and was appointed as our Board secretary in June 2015. Ms. Wu is primarily responsible for the investor relationship management and financing related business.

Prior to joining our Company, from August 2008 to March 2010, Ms. Wu worked in Xiamen Longtop Science & Technology Co., Ltd. (廈門東南融通在線科技有限公司), a company which was primarily engaged in the internet service business. From July 2005 to July 2006, Ms. Wu worked in Xiamen 35 Internet Technology Co., Ltd. (廈門三五互聯科技股份有限公司), a company primarily engaged in the internet service business.

Ms. Wu obtained her associate's degree in information management and information system from Xiamen University of Technology (廈門理工學院) in Xiamen, the PRC in July 2004. In addition, Ms. Wu obtained her bachelor's degree in Jiangxi University of Finance and Economics (江西財經大學) through remote learning in January 2013.

Mr. Li Bin (李斌), aged [43], is our chief financial officer. Mr. Li joined our Company in May 2015 as our chief financial officer. Mr. Li is responsible for the overall management of financial reporting.

Prior to joining our Company, from August 2011 to May 2015, Mr. Li worked in the Xiamen Branch of Jiangxi Lanhengda Chemical Co., Ltd. (江西藍恆達化工有限公司廈門分公司). From December 2007 to May 2011, Mr. Li worked in Zhongziyuan Network Service Co., Ltd. (廈門中資源網路服務有限公司). From May 2004 to April 2007, Mr. Li worked in Xiamen Tianjian Huatian Accounting Firm (廈門天健華天會計師事務所), a professional accounting firm in China providing assurance services.

Mr. Li obtained his bachelor's degree in economics from Shandong University of Finance and Economics (山東財經大學), which was previously known as Shandong University of Finance (山東財政學院) in Jinan, the PRC in July 2003. In addition, Mr. Li obtained his master's degree in accounting from Xiamen University in December 2019. Mr. Li was accredited as a certified public accountant in China in December 2012.

Save as disclosed above, each of our Directors and senior management members confirms with respect to himself or herself that he or she (i) had no other relationship with any Director, senior management or substantial Shareholder of our Company as at the Latest Practicable Date; (ii) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any stock exchange in Hong Kong and/or overseas; and (iii) there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

JOINT COMPANY SECRETARIES

Ms. Wu Yiting (吳怡婷), aged [41], is our Board secretary and upon the **[REDACTED]** a joint company secretary of our Company. See "— Senior Management" for her biographical details.

Ms. So Lai Shan (蘇麗珊), is a joint company secretary of our Company whose appointment will come into effect upon the **[REDACTED]**.

Ms. So has approximately 10 years of experience in the corporate services industry. Since May 2021, Ms. So has served as a Manager of Corporate Services in Vistra Corporate Services (HK) Limited, where she works with a team of professional staff to provide a full range of corporate services and listed company secretary services. Currently, she is a joint company secretary of Beijing Airdoc Technology Co., Ltd, a Main Board listed company in Hong Kong (stock code: 2251) and the company secretary of Haichang Ocean Park Holdings Ltd., a Main Board listed company in Hong Kong (stock code: 2255). Prior to joining Vistra Corporate Services (HK) Limited, she worked in the Listing Department of an international corporate services provider and acted as the company secretary of C.banner International Holdings Limited, a Main Board listed company in Hong Kong (stock code: 1028); and the joint company secretary of China Hanking Holdings Limited, a Main Board listed company in Hong Kong (stock code: 3788), Greatview Aseptic Packaging Company Limited, a Main Board listed company in Hong Kong (stock code: 468), Jingrui Holdings Limited, a Main Board listed company in Hong Kong (stock code: 1862), Shanghai Jin Jiang Capital Company Limited, a Main Board listed company in Hong Kong (stock code: 2006), New Century Healthcare Holding Co. Limited, a Main Board listed company in Hong Kong (stock code: 1518) and Chiho Environmental Group Limited, a Main Board listed company in Hong Kong (stock code: 976) respectively.

Ms. So obtained a master of Corporate Governance from Hong Kong Metropolitan University (formerly known as The Open University of Hong Kong). She has been an associate member of The Chartered Governance Institute in United Kingdom and The Hong Kong Chartered Governance Institute since November 2014.

BOARD COMMITTEES

The Company has established three committees under the Board of Directors, namely the Audit Committee, the Remuneration Committee and the Nomination Committee.

Audit Committee

The Audit Committee consists of three Directors, namely Dr. Su Xinlong, Dr. Li Xiaolin and Mr. Ye Hua, with Dr. Su Xinlong currently serving as the chairman. Dr. Su Xinlong has the appropriate professional qualification and experiences as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee is mainly responsible for reviewing and overseeing the financial reporting procedure, risk management and internal control system of our Group and have with terms of reference in compliance with the relevant PRC laws and regulations and Rule 3.21 of the Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Remuneration Committee

The Remuneration Committee consists of three Directors, namely Dr. Li Xiaolin, Dr. Su Xinlong and Mr. Sun Longxi, with Dr. Li Xiaolin currently serving as the chairlady. The Remuneration Committee is mainly responsible for evaluating the remuneration polices for Directors and senior management of our Group and making recommendations thereon to the Board of Directors and have with terms of reference in compliance with relevant laws and regulations of the PRC and paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

Nomination Committee

The Nomination Committee consists of three Directors, namely Dr. Li Xiaolin, Dr. Su Xinlong and Mr. Sun Longxi, with Dr. Li Xiaolin currently serving as the chairlady. The Nomination Committee is mainly responsible for identifying, screening and recommending to the Board of Directors qualified candidates to serve as the Directors and senior management and monitoring the procedures for evaluating the performance of the Board of Directors and have with terms of reference in compliance with the relevant laws and regulations of the PRC and paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

DIVERSITY POLICY OF THE BOARD OF DIRECTORS

The Board of Directors has adopted a board diversity policy (the "Board Diversity Policy") in order to enhance the effectiveness of our Board of Directors and to maintain high standard of corporate governance. The Board Diversity Policy sets out the criteria in selecting candidates to our Board of Directors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board of Directors.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to overall business management, computer software, applied electronics, accounting and philosophy. The Board of Directors is of the view that our Board satisfies the Board Diversity Policy. In addition, our Board of Directors has a wide range of age, ranging from [46] years old to [60] years old. One of our Directors is female. Our Board of Directors will also ensure that appropriate balance of gender diversity is achieved with reference to investors' expectation, and international and local recommended best practices.

The Nomination Committee is responsible for reviewing the diversity of the Board of Directors. After **[REDACTED]**, the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Group is expected to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The compensation and remuneration of our Directors and members of the senior management of our Company are determined by our Shareholders' meetings and our Board as appropriate in the form of salaries and bonuses. Our Company also reimburses them for expenses which are necessary and reasonably incurred in providing services to our Company or discharging their duties in relation to the operations of our Company. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management of our Company, our Shareholders' meetings and our Board take into account factors such as salaries paid by comparable companies, time commitment, level of responsibilities, employment elsewhere in our Group and desirability of performance-based remuneration. As required by the relevant PRC laws and regulations, our Company also participates in various defined contribution plans organized by relevant provincial and municipal government authorities and welfare schemes for employees of our Company, including medical insurance, injury insurance, unemployment insurance, pension insurance, maternity insurance and housing provident fund.

Our Company offers executive Directors, employee Director (who is a non-executive Director) and senior management members, who are our employees, compensation in the form of salaries, bonuses, social security plans, housing provident fund plans and other benefits. Our independent non-executive Directors receive compensation based on their responsibilities in the form of allowance.

The aggregate amounts of remuneration paid to our Directors for the three years ended December 31, 2022, 2023 and 2024, were approximately RMB0.6 million, RMB0.6 million, and RMB0.6 million, respectively.

The aggregate amounts of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses but excluding commissions on sales generated by the relevant individuals) paid to the five highest paid individuals for the three years ended December 31, 2022, 2023 and 2024, were approximately RMB3.8 million, RMB4.2 million, and RMB4.9 million, respectively.

It is estimated that remuneration equivalent to approximately RMB2.5 million in aggregate will be paid to our Directors by our Company for the year ending December 31, 2025, based on the arrangements in force as of the date of the document.

No remuneration was paid by our Company to our Directors or the five highest paid individuals as inducement to join or upon joining our Company or as a compensation for loss of office during the Track Record Period. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

COMPLIANCE ADVISOR

The Company appointed CMBC International Capital Limited as the compliance advisor pursuant to Rules 3A.19 of the Listing Rules, and the compliance advisor will advise the Company in the following circumstances.

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where the Company proposes to use the **[REDACTED]** of the **[REDACTED]** in a manner that is different from that detailed in this document or where our business activities, developments or results deviate from any forecasts, estimates or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of the Company regarding unusual movements in the **[REDACTED]** or **[REDACTED]** volume of the Shares, the possible development of a false market in the Shares or any other matters.

The terms of the appointment of the compliance advisor will commence on the **[REDACTED]** and end on the date when the Company distributes the annual report of its financial results for the first full financial year commencing after the **[REDACTED]**.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that, as of the Latest Practicable Date, he or she did not have any interest in any business which competes, or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in April 2025; and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors confirms (i) his/her independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules; (ii) that he/she has no past or present financial or other interest in the business of our Company or our subsidiaries or any connection with any core connected person of our Company under the Listing Rules as of the Latest Practicable Date; and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointment.

SHARE CAPITAL

This section presents certain information regarding our share capital prior to and following the completion of the **[REDACTED]** and the **[REDACTED]**.

BEFORE THE [REDACTED]

As of the Latest Practicable Date and immediately prior to the **[REDACTED]** and the **[REDACTED]**, the registered and issued share capital of our Company was RMB91,010,329, comprising 91,010,329 Domestic Shares with a nominal value of RMB1.00 each.

UPON COMPLETION OF THE [REDACTED] AND THE [REDACTED]

Immediately following completion of the **[REDACTED]** and the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised, the registered and issued share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Domestic Shares	**[REDACTED]**	**[REDACTED]**%
[REDACTED]	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**[REDACTED]**%

Immediately following completion of the **[REDACTED]** and the **[REDACTED]**, assuming that the **[REDACTED]** is fully exercised, our registered and issued share capital will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged issued share capital after the [REDACTED]
Domestic Shares	**[REDACTED]**	**[REDACTED]**%
[REDACTED]	**[REDACTED]**	**[REDACTED]**%
H Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**%
Total	**[REDACTED]**	**[REDACTED]**%

OUR SHARES

Upon completion of the **[REDACTED]** and the **[REDACTED]**, the Shares will consist of Domestic Shares and H Shares. Domestic Shares and H Shares are all ordinary Shares in the share capital of our Company. Apart from certain qualified domestic institutional **[REDACTED]** in the PRC, the qualified PRC **[REDACTED]** under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be **[REDACTED]** by or **[REDACTED]** between legal or natural PRC persons. Domestic Shares can only be **[REDACTED]** by and **[REDACTED]** between legal or natural PRC persons, qualified foreign institutional **[REDACTED]** and foreign strategic **[REDACTED]**. H Shares may only be **[REDACTED]** and **[REDACTED]** in Hong Kong dollars. Domestic Shares, on the other hand, may only be **[REDACTED]** for and **[REDACTED]** in Renminbi. Domestic Shares and H Shares are regarded as one class of Shares under our Articles of Association. Our Domestic Shares are not **[REDACTED]** or **[REDACTED]** on any stock exchange.

RANKING

Save as described in this document, Domestic Shares and H Shares shall rank *pari passu* with each other in all other respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends in respect of the H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of Domestic Shares are to be paid by us in Renminbi. In addition to cash, dividends may be distributed in the form of Shares. For holders of H Shares, dividends in the form of Shares will be distributed in the form of additional H Shares. For holders of Domestic Shares, dividends in the form of Shares will be distributed in the form of additional Domestic Shares.

[REDACTED]

According to the Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (2023 Amendment) (《H股公司境內未上市股份申請"全流通"業務指引(2023修正)》), the Guidelines for the "Full Circulation", the Administration on 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》) and the applicable guidelines for relevant regulatory rules, a domestic joint stock limited company that has not yet been **[REDACTED]** may, at the time of its **[REDACTED]** and **[REDACTED]** overseas, file with the CSRC for "**[REDACTED]**" and submit authorization documents from shareholders of domestic **[REDACTED]** shares and a commitment on the compliance with the acquisition regulations of shares.

According to stipulations made by the State Council's securities regulatory authority and the Articles of Association, our Domestic Shares may be **[REDACTED]** into H Shares, and such **[REDACTED]** H Shares may be **[REDACTED]** or **[REDACTED]** on an overseas stock exchange, provided that prior to the **[REDACTED]** and **[REDACTED]** of such **[REDACTED]** Shares, the requisite internal approval processes have been duly completed and the approvals from the relevant PRC regulatory authorities, including the CSRC, and the relevant overseas stock exchange have been obtained. In addition, such **[REDACTED]**, **[REDACTED]** and **[REDACTED]** shall in all respects comply with the regulations prescribed by the State Council's securities regulatory authorities and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

The **[REDACTED]** will involve an aggregate of **[REDACTED]** Domestic Shares held by 20 existing Shareholders (the "**[REDACTED]**"), representing **[REDACTED]**% of total issued Shares upon completion of the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

SHARE CAPITAL

Set out below is the shareholding of the **[REDACTED]** immediately before and after the completion of the **[REDACTED]** and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised).

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of the Domestic Shares in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)
Mr. Sun	23,996,383	26.37%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Mr. Huang	21,787,340	23.94%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Linzhi Lixin Information Technology Co., Ltd. (林芝利新信息技術有限公司)	5,603,521	6.16%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Peng Jianhu (彭建虎)	5,541,520	6.09%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Chongqing Jiatuo Tiancheng Enterprise Management Partnership (Limited Partnership) (重慶加拓添成企業管理合夥企業(有限合夥))	3,981,946	4.38%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Xiamen Zhengzhi Equity Investment Partnership (Limited Partnership) (廈門正志股權投資合夥企業(有限合夥))	3,824,204	4.20%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of the Domestic Shares in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)
Chongqing Hongtai Zhiying Equity Investment Center (Limited Partnership) (重慶洪泰致盈股權投資中心(有限合夥))	3,381,345	3.72%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Yu Sheng (余盛)	3,374,031	3.71%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Xiamen Suming Enterprise Management Consulting Partnership (Limited Partnership) (廈門速銘企業管理諮詢合夥企業(有限合夥))	3,292,718	3.62%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Xiamen Juhua Investment Management Partnership (Limited Partnership) (廈門聚鏵投資管理合夥企業(有限合夥))	3,230,457	3.55%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Hualong Electronics	3,039,684	3.34%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Xiamen Fulv Century Jinyuan Equity Investment Partnership (Limited Partnership) (廈門福旅世紀金源股權投資合夥企業(有限合夥))	2,711,573	2.98%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Yu Yunhui (余雲輝)	2,129,288	2.34%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of the Domestic Shares in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)
Suzhou Paiyi Venture Capital Partnership L.P. (蘇州湃益創業投資合夥企業(有限合夥))	2,095,760	2.30%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Xiamen Tuojuxin Enterprise Management Consulting Partnership (Limited Partnership) (廈門拓聚鑫企業管理諮詢合夥企業(有限合夥))	1,010,329	1.11%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Yiwu Datuo Equity Investment Partnership (Limited Partnership) (義烏大拓股權投資合夥企業(有限合夥))	717,879	0.79%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Yu Li (余麗)	574,305	0.63%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Fan Zijing (范子靖)	358,941	0.39%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**
Xiamen Shan'erli Enterprise Management Partnership (Limited Partnership) (廈門善而利企業管理合夥企業(有限合夥))	241,599	0.26%	**[REDACTED]**	**[REDACTED]**%	**[REDACTED]**	**[REDACTED]**

Name of Shareholders	Number of Domestic Shares as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED]	Approximate percentage of the Domestic Shares in the total issued share capital of our Company as of the Latest Practicable Date and immediately prior to the [REDACTED] and the [REDACTED] (%)	Number of [REDACTED] H Shares	Approximate percentage of [REDACTED] H Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)	Number of remaining Domestic Shares immediately after the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)	Approximate percentage of remaining Domestic Shares in the total issued share capital of our Company immediately after the [REDACTED] and the [REDACTED](assuming the [REDACTED] is not exercised) (%)
Xiamen Tuojulian Enterprise Management Consulting Partnership (Limited Partnership) (廈門拓聚連企業管理諮詢合夥企業(有限合夥))	117,506	0.12%	**[REDACTED]**	**[REDACTED]%**	**[REDACTED]**	**[REDACTED]**
Total	**91,010,329**	**100.00%**	**[REDACTED]**	**[REDACTED]%**	**[REDACTED]**	**[REDACTED]**

If any other of the Domestic Shares are to be **[REDACTED]**, **[REDACTED]** and **[REDACTED]** as H Shares on the Stock Exchange, such **[REDACTED]**, **[REDACTED]** and **[REDACTED]** will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. We may apply for the **[REDACTED]** of all or any portion of the Domestic Shares on the Stock Exchange as H Shares to ensure that the **[REDACTED]** process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register of members. Approval of Shareholders at a general meeting is not required for the **[REDACTED]** and **[REDACTED]** of the **[REDACTED]** Shares on an overseas stock exchange.

[REDACTED] Review and Approval by the CSRC

In accordance with the Guidelines for Applying "Full Circulation" for Domestic Unlisted Shares of H-share Listed Companies (H股公司境內未上市股份申請"全流通"業務指引) and Trial Administrative Measures and relevant five guidelines announced by the CSRC, H-share listed companies which apply for the **[REDACTED]** for **[REDACTED]** and **[REDACTED]** on the Stock Exchange shall conform to relevant regulations promulgated by the CSRC, and authorize the company to file with the CSRC on their behalf.

[REDACTED]

[REDACTED] Approval by the Stock Exchange

[REDACTED]

[REDACTED]

TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

The PRC Company Law provides that in relation to the **[REDACTED]** of a company, the shares issued prior to the **[REDACTED]** shall not be transferred within a period of one year from the date on which the **[REDACTED]** shares are **[REDACTED]** on any stock exchange. Accordingly, Shares issued by our Company prior to the **[REDACTED]** shall be subject to this statutory restriction and not be transferred within a period of one year from the **[REDACTED]**.

[REDACTED]

CIRCUMSTANCES UNDER WHICH GENERAL MEETING IS REQUIRED

For details of circumstances under which our Shareholders' general meeting is required, please see "Appendix III — Summary of Articles of Association — Shareholders' General Meeting" in this document.

SUBSTANTIAL SHAREHOLDERS

To the best of our Directors' knowledge and information, the following persons will, immediately following the completion of the **[REDACTED]** and the **[REDACTED]**, have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at any general meeting of our Company:

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)			
Shareholder	Nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares[1]	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)[1]	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Sun	Beneficial owner	23,996,383	26.37%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest held jointly with another person[2]	21,787,340	23.94%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation[3]	3,039,684	3.34%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Huang	Beneficial owner	21,787,340	23.94%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest held jointly with another person[2]	23,996,383	26.37%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation[3]	3,039,684	3.34%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Hualong Electronics	Beneficial owner	3,039,684	3.34%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest held jointly with another person[2]	45,783,723	50.31%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Peng Jianhu (彭建虎)	Beneficial Owner	5,541,520	6.09%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation; interest held jointly with another person[4]	3,981,946	4.38%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%

SUBSTANTIAL SHAREHOLDERS

		As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)			
Shareholder	Nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares[1]	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate) [1]	Approximate percentage of shareholding in the total issued share capital of our Company
Chongqing Jiatuo Tiancheng Enterprise Management Partnership (Limited Partnership) (重慶加拓添成企業管理合夥企業(有限合夥)) ("Jiatuo Tiancheng"). . .	Beneficial Owner	3,981,946	4.38%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
	Interest held jointly with another person[4]	5,541,520	6.09%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Tu Posu (塗珀溯)	Interest in controlled corporation[4]	3,981,946	4.38%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
				[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Linzhi Lixin Information Technology Co., Ltd. (林芝利新信息技術有限公司) ("Linzhi Lixin")	Beneficial owner	5,603,521	6.16%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Tencent Holdings Limited ("Tencent").	Interest in controlled corporation[5]	7,699,281	8.46%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%
Mr. Xu Lihua (徐麗華).	Interest in controlled corporation[6]	7,651,010	8.34%	[REDACTED]	[REDACTED]	[REDACTED]%	[REDACTED]%

(1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) As of the Latest Practicable Date, Mr. Sun, Mr. Huang and Hualong Electronics were acting in concert. Under the SFO, Mr. Sun, Mr. Huang and Hualong Electronics was deemed to be interested in the entire interest held by each other.

(3) As of the Latest Practicable Date, Hualong Electronics was owned by Mr. Huang and Mr. Sun as to 51% and 49%, respectively. Under the SFO, Mr. Huang and Mr. Sun were deemed to be interested in the entire Shares held by Hualong Electronics. See "Share Capital — **[REDACTED]**" for the respective numbers of Domestic Shares and H Shares held by the relevant controlled corporation immediately before and after the completion of the **[REDACTED]** and the **[REDACTED]**.

(4) As of the Latest Practicable Date, Tu Posu was the sole general partner of Jiatuo Tiancheng holding 0.07% of partnership interest in Jiatuo Tiancheng, and Mr. Peng Jianhu was a limited partner holding 92.11% of partnership interest in Jiatuo Tiancheng. In addition, Mr. Peng Jianhu and Jiatuo Tiancheng have been acting in concert. Therefore, under the SFO, Peng Jianhu and Tu Posu are deemed to be interested in the Shares held by Jiatuo Tiancheng, and Jiatuo Tiancheng is deemed to be interested in the Shares held by Mr. Peng Jianhu.

(5) As of the Latest Practicable Date, Linzhi Lixin and Suzhou Paiyi Venture Capital Partnership L.P. (蘇州湃益創業投資合夥企業(有限合夥)) ("Suzhou Paiyi") directly held 5,603,521 Shares and 2,095,760 Shares, respectively. Both Linzhi Lixin and Suzhou Paiyi are controlled by Tencent. Therefore, Tencent is deemed to be interested in the 7,699,281 Shares held by Linzhi Lixin and Suzhou Paiyi in aggregate for the purpose of Part XV of the SFO.

(6) As of the Latest Practicable Date, Xiamen Suming Enterprise Management Consulting Partnership (Limited Partnership) (廈門速銘企業管理諮詢合夥企業(有限合夥)) ("Xiamen Suming"), Xiamen Juhua Investment Management Partnership (Limited Partnership) (廈門聚鏵投資管理合夥企業(有限合夥)) ("Xiamen Juhua"), Xiamen Tuojuxin Enterprise Management Consulting Partnership (Limited Partnership) (廈門拓聚鑫企業管理諮詢合夥企業(有限合夥)) ("Xiamen Tuojuxin") and Xiamen Tuojulian Enterprise Management Consulting Partnership (Limited Partnership) (廈門拓聚連企業管理諮詢合夥企業(有限合夥)) ("Xiamen Tuojulian") directly held 3,292,718 Shares, 3,230,457 Shares, 1,010,329 Shares and 117,506 Shares, respectively. Mr. Xu Lihua was the sole general partner of each of Xiamen Suming, Xiamen Juhua, Xiamen Tuojuxin and Xiamen Tuojulian. Therefore, Mr. Xu Lihua is deemed to be interested in the 7,651,010 Shares held by Xiamen Suming, Xiamen Juhua, Xiamen Tuojuxin and Xiamen Tuojulian in aggregate for the purpose of Part XV of the SFO.

Save as disclosed above and in "Appendix IV — Statutory and General Information" of this document, our Directors are not aware of any person who will, immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (and the **[REDACTED]** of any additional H Shares pursuant to the exercise of the **[REDACTED]**), have an interest or short position in the Shares or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of our Group.

You should read the following discussion and analysis in conjunction with our historical financial information, including the notes thereto included in the Accountants' Report set out in Appendix I to this document. You should read the entire Accountants' Report in Appendix I to this document and not rely merely on the information contained in this section. The Accountants' Report has been prepared in accordance with the IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for any future periods. The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in the sections headed "Forward-looking Statements" and "Risk Factors" in this document.

OVERVIEW

We are a leader and pioneer in China's smart parking space operation industry. Leveraging AI and data-driven technology, we are deeply engaged in driving the digital and intelligent transformation of urban parking. Since our inception in 2006, we have evolved into a comprehensive parking industry group that integrates smart solutions, smart services, and smart operations. According to the CIC Report, we are among the first to achieve the full-stack independent development and control of "hardware-algorithm-platform-ecosystem" in China's smart parking space operation industry. We also rank No. 2 in terms of revenue in 2024 in China's smart parking space operation industry, according to the same source.

We experienced robust growth during the Track Record Period. Our smart solutions, smart services, and smart operations are applied across a growing number of scenarios and geographical regions globally. We also have seen a notable improvement in our financial performance. Our revenue increased by 13.7% from RMB649.2 million in 2022 to RMB738.0 million in 2023, and further increased by 8.3% to RMB799.5 million in 2024. Specifically, revenue generated from our smart solutions and smart services remained steady growth, with revenue from smart solutions totaling RMB390.9 million, RMB452.6 million and RMB478.9 million in 2022, 2023, and 2024, respectively, and revenue from smart services totaling RMB174.3 million, RMB186.9 million and RMB194.7 million in the same periods, respectively. Revenue generated from our smart operations increased rapidly by 17.6% from RMB82.4 million in 2022 to RMB96.9 million in 2023, and further by 28.2% to RMB124.2 million in 2024. We had net profit of RMB12.3 million, RMB87.0 million and RMB86.7 million in 2022, 2023 and 2024, respectively, and adjusted net profit (non-IFRS measure) of RMB18.1 million, RMB89.4 million and RMB91.7 million in the same periods, respectively. See "Financial Information Non-IFRS Measure" for a reconciliation of our profit and total comprehensive income for the year to adjusted net profit (non-IFRS measure).

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by the general factors affecting the smart parking space operation industry, including, among others, overall economic growth in China and globally, increasing urban traffic congestion and the gap between parking supply and demand, widespread adoption of digital intelligence technologies, awareness of sustainability and environmental concerns and the competitive landscape of smart parking space operators. Changes in these factors would have a significant effect on the demand for our smart parking offerings, and in turn, our business and prospects.

Despite the general factors mentioned above, we believe our results of operations are more directly affected by the following specific factors.

Ability to Strengthen Our Customer Base and Improve Profitability

Our success largely hinges on our ability to attract and retain a diverse customer base. In 2022, 2023 and 2024, we served an aggregate of 17,271, 22,055 and 24,666 parking facilities, respectively. To further grow our business, we need to maintain our relationship with existing customers while expanding their usage of our offerings. In particular, we utilize our scale and accumulated industry experience to lower the operating costs for parking facility owners and operators and increase their revenue streams, thereby effectively improving their profitability and our revenue share in the collaboration. In addition to our integrated business portfolio and robust operating capabilities, we also plan to continue to develop new business models and offer additional value-added services to extend the lifetime value of our customers. Approximately 40% of the parking facilities we served during the Track Record Period utilized more than one of our three business lines of smart parking offerings, demonstrating our cross-selling and up-selling capabilities. Furthermore, we will refine our customer services to continue to drive customer satisfaction and retention. To support our sustainable growth, we also need to acquire new customers and collaborate with an increasing number of parking facilities.

By expanding our presence across various geographical locations and enhancing our marketing efforts, we can target potential customers more effectively. We target to further penetrate in the lower-tier cities in the southeastern coastal region of China, where we have established market presence, and cover additional provincial capital cities in central and western China. We also plan to explore and capture the fast-growing opportunities in the global smart parking space operation industry. Currently, we are strategically focusing on serving the emerging markets, including Southeast Asia and the Middle East, to gradually expand our market presence in these markets. We also expect to enter into more established overseas markets in the medium to long term. We view global expansion as an important growth strategy to increase our revenue and improve profitability. However, expanded global reach will require continued investments and may expose us to additional risks of foreign exchanges, international taxes and tariffs and other risks and uncertainties that may impact our ability to grow our business.

Change in Offering Mix

Our offering mix affects our results of operations, especially our overall profit margin. We began providing smart solutions in 2006 and have been continuing to enrich and develop our business portfolio. Leveraging our integrated smart solutions comprising intelligent hardware, cloud-based software systems and user-end applications, we first assist customers in completing the intelligent digitalization of their parking facilities. To capture our customers' evolving demands, we have extended our business to cover smart services and smart operations, therefore further reducing operating costs and boosting management efficiency. As we analyze customer preferences and emerging industry requirements, we may further adjust our product and service mix to align with these trends. As a result of our strategic focus on growing our smart operations business, our total revenue continuously increased during the Track Record Period. In particular, revenue generated from our smart operation was RMB82.4 million, RMB96.9 million and RMB124.2 million in 2022, 2023 and 2024, respectively, accounting for 12.7%, 13.1% and 15.5% of our total revenue in the same periods, respectively. We expect that the rapid development of our smart operations business will continue to drive the growth of our total revenue.

The shift in our revenue structure during the Track Record Period led to fluctuations in our profitability, as our profit margins vary across different offerings. As we continue to explore new business models, we may experience increased volatility in profitability. However, as we establish standardized practices in collaboration with parking facilities, we anticipate achieving economies of scale over time along with optimal operating and cost efficiency. Any future change in our offering mix or variation in the profit margin of any business line may have a corresponding impact on our overall gross profit margin.

Ability to Innovate Our Technology and Business

Innovation is at the core of our business model. To capitalize on the opportunities from the fast-evolving demands and better compete with peer companies, we believe it is critical to continuously innovate our underlying technology and infrastructure, as well as to develop and introduce new products and services that enhance customer experience and optimize our operational efficiency. For example, we have launched *YongCe Pro*, which enables us to effectively coordinate and manage multiple parking facilities and enhance our operational capabilities. To that end, we have invested and expect to continue to invest substantial resources in our R&D efforts, including to retain and incentivize our R&D talents. We recorded research and development expenses of RMB44.4 million, RMB42.6 million and RMB45.0 million in 2022, 2023 and 2024, respectively, representing 6.8%, 5.8% and 5.6% of our total revenue in the same periods, respectively.

We will continue to refine our technological expertise and increase our investments in AI to drive its large-scale commercial application in parking scenarios. For example, by leveraging AI in comprehensive, in-depth analysis of parking related operating data and continuously refining AI capabilities, we are able to formulate more commercially viable operational strategies and effectively extend the value chain. We will also continue to focus on building core competencies and assembling dedicated R&D teams. These initiatives may increase our research and development expenses in absolute amount and impact our results of operations. However, in the long run, we believe that our strategic focus on technology and innovation to continue to create entry barriers and enhance our market leadership, which in turn will enable us to further increase our revenue and strengthen our financial performance. Going forward, we expect our research and development expenses to remain increase in absolute terms, while its percentage of total revenue will remain stable or gradually decrease as we benefit from the scale effects.

Ability to Manage Our Cost Structure and Improve Operating Efficiency

Our ability to effectively control our costs and expenses while achieving expected business growth is critical to our profitability. Our cost structure differs across three business lines. During the Track Record Period, our cost of sales primarily consisted of (1) product costs relating to equipment, raw materials, production personnel and other items involved in the production activities for our smart parking hardware products, (2) labor costs, which primarily included the compensation for our technical and customer support staff and project management personnel, as well as service fees paid to parking facility contract workers under the contract operation model, and (3) depreciation and amortization relating to the hardware products installed in parking facilities under our smart services and smart operations businesses and the associated construction costs, among others. As we keep enhancing production processes and boosting capacity and output, we seek to reduce scale-driven costs and improve cost efficiency. Moreover, the deepening use of AI agents serves to drive the intelligent digitalization of our services and operations, therefore effectively controlling our labor costs on an ongoing basis. Furthermore, we recorded contracting fees under our cost of sales relating to our contract operation model. As we plan to work with an increasing number of parking facilities under this model, we expect contracting fees to continue to increase in absolute terms in the near future.

In addition, our business and results of operations are affected by our operating expense structure, which primarily comprises administrative expenses, selling expenses and research and development expenses. For example, we recorded selling expenses of RMB139.0 million, RMB154.1 million and RMB159.5 million in 2022, 2023 and 2024, respectively, representing 21.4%, 20.9% and 20.0% of our total revenue in the same periods, respectively. Going forward, we will continue to allocate our resources to sales and marketing efforts that enable us to enhance our brand recognition and expand our customer base in an effective manner. In addition, we recorded administrative expenses of RMB69.8 million, RMB63.6 million and RMB65.2 million in 2022, 2023 and 2024, respectively, representing 10.7%, 8.6% and 8.2% of our total revenue in the same periods, respectively. As we expand our business, we believe we can leverage our established team and accumulated experience to improve our operating efficiency and maintain our administrative expenses as a percentage of total revenue at a relatively stable or gradually decreasing level over time, benefiting from economies of scale.

Seasonality

Our business is subject to seasonal fluctuations, which are relatively pronounced in our smart solutions business. We believe that our quarterly sales are affected by industry buying patterns. Our customers tend to contract with and purchase from us in the second half of each year, while the Chinese New Year holiday often marks a low season for our operations. Similarly, customers in our industry typically tend to formulate their annual budget and procurement plans in the first half of each year in accordance with their budget cycles, and the project execution is typically performed and completed in the second half of each year, leading to higher revenue generated during such period. We expect to remain subject to seasonal fluctuations for the foreseeable future. As a result, our operating and financial metrics for an interim period may not be representative of our overall performance. Changes in seasonal trends may cause fluctuations in our results of operations and financial condition.

BASIS OF PREPARATION AND PRESENTATION

Our historical financial information has been prepared in accordance with all applicable IFRSs as issued by the International Accounting Standards Board. For the purpose of preparing our historical financial information, we have adopted all applicable new and revised IFRSs consistently throughout the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period.

See Note 1 of the Accountants' Report in Appendix I to this document for details on our basis of preparation and presentation.

SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND ASSUMPTIONS

We have identified certain accounting policies that we believe are the most significant to the preparation of our consolidated financial statements. Our significant accounting policies, which are important for understanding our results of operations and financial condition, are set forth in Notes 2 and 3 to the Accountants' Report in Appendix I to this document. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgment relating to accounting items. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (1) our selection of material accounting policies, (2) the judgment and other uncertainties affecting the application of such policies, and (3) the sensitivity of reported results to changes in conditions and assumptions.

Revenue and Other Income

Income is classified by us as revenue when it arises from the sale of goods, and the provision of services or the use by others of our assets under leases in the ordinary course of our business.

Further details of our revenue and other income recognition policies are as follows.

Revenue from contracts with customers

Revenue is recognized when control over a product or service is transferred to the customer, at the amount of promised consideration to which we are expected to be entitled, excluding those amounts collected on behalf of third parties such as value-added tax or other sales taxes.

When another party is involved in providing products or services to a customer, we assess whether we act a principal or as an agent. The assessment is based on whether we obtain control of the products or services before they are transferred to the customer. Control refers to our ability to direct the use of and obtain substantially all of the remaining benefits from the products or services.

Where the contract contains a financing component which provides a significant financing benefit to the customer, we adjust the promised amount of consideration for the effects of time value of money by using a discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. We take advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

In addition, we have applied the practical expedient for contracts with an original expected duration of one year or less. Consequently, we have not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

Revenue from smart solutions business model

We sell standardised hardware products to the customers, along with optional value-added services. These services include access to cloud-based software systems which is a software-as-a-service ("SaaS") arrangement, implementation services and service-type warranty services as part of the smart solutions offered to customers.

The consideration received is allocated to the respective performance obligation with reference to their relative stand-alone selling prices. The stand-alone selling price is determined based on the observable prices of products or services in which we sell in separate transactions.

We offer an assurance-type warranty for hardware products for 12 to 24 months from the date of sale. A related provision is recognized in accordance with note 2(s).

Revenue for sales of hardware products is recognized when the customer takes possession of and accepts the hardware product.

Revenue from SaaS arrangements is recognized over time on a straight-line basis throughout the expected service period, during which the customers are expected to use and benefit from our cloud-based software systems (which is typically five years).

Revenue for implementation services is recognized over time based on the cost-to-cost method.

Revenue from the service-type warranty service is recognized over time on a straight-line basis over the warranty period.

Revenue from smart services business model

We provides smart services to owners and/or operators of the parking facilities to support their operations. These smart services are delivered through our proprietary cloud-based software systems and hardware facilities. Revenue is recognized over time on a straight-line basis throughout the service period.

Revenue from parking services

We operate certain parking facilities and directly provides parking services to vehicle drivers. Revenue from parking services is recognized over time as the parking service is provided.

Revenue from other services

Other services include considerations received for online and offline advertising services and provision of fee collection services. Revenue is recognized when the service is delivered.

Revenue from other sources and other income

Rental income from operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are earned.

Dividends

Dividend income is recognized in profit or loss on the date on which our right to receive payment is established.

Interest income

Interest income is recognized using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are initially recognized as deferred income and subsequently recognized in profit or loss on a systematic basis over the useful life of the asset.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components). Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives and is generally recognized in profit or loss.

The estimated useful lives are as follows:

— Properties and buildings	10–30 years
— Operational equipment	5–8 years
— Vehicles	5 years
— Office equipment	3–5 years
— Machinery and other equipment	3–5 years
— Leasehold improvements	The shorter of the lease terms or the estimated useful life of the assets

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Leased Assets

At inception of a contract, we assess whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and nonlease component(s), we have elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, we recognize a right-of-use asset and a lease liability, except for leases with a term of 12 months or less, and leases of low-value items. When we enter into a lease of low-value items, we decide whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognized in profit or loss on a systematic basis over the lease term.

Where a lease is capitalized, the lease liability is initially recognized at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After the initial recognition, the lease liability is measured at amortized cost and interest expense is recognized using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

Where a lease is capitalized, the right-of-use asset recognized is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

For a discussion of refundable rental deposits and remeasurement of Lease Liabilities, see Note 2(i) to the Accountants' Report in Appendix I to this document.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within 12 months after the reporting period.

As a lessor

We determine at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if we transfer substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, we allocate the consideration in the contract to each component on a relatively stand-alone selling price basis. The rental income from operating leases is recognized in accordance with Note 2(t)(ii)(a) to the Accountants' Report in Appendix I to this document.

When we are an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which we apply the exemption described in Note 2(i)(i) to the Accountants' Report in Appendix I to this document, then we classify the sub-lease as an operating lease.

Credit Losses from Financial Instruments and Contract Assets

We recognize a loss allowance for expected credit losses ("ECLs") in relation to, financial assets measured at amortized cost (including cash and cash equivalents, restricted cash, bank deposits, fixed deposits with banks with original maturity over three months and trade and other receivables), contract assets, and lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates if the effect is material:

— fixed-rate financial assets trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which we are exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

We measure loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables without a significant financing component and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, we consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on our historical experience and informed credit assessment, that includes forward-looking information.

We assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

We consider a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to us in full without recourse to measures, such as the realization of collaterals (if any is held); or

— the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. We recognize an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, we assess whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by us on terms that we would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganization; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when we otherwise determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Inventories

Inventories are measured at the lower of cost and net realizable value as follows. Costs are calculated using the weighted average cost formula and comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

DISCUSSION OF MAJOR PROFIT OR LOSS ITEMS

The following table sets forth our consolidated statements of profit and loss and other comprehensive income for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)					
Revenue	**649,230**	**100.0**	**738,015**	**100.0**	**799,511**	**100.0**
Cost of sales	(369,625)	(56.9)	(395,295)	(53.6)	(432,576)	(54.1)
Gross profit	**279,605**	**43.1**	**342,720**	**46.4**	**366,935**	**45.9**
Other net income	26,351	4.1	39,783	5.4	19,494	2.4
Selling expenses	(139,043)	(21.4)	(154,136)	(20.9)	(159,509)	(20.0)
Administrative expenses	(69,767)	(10.7)	(63,632)	(8.6)	(65,237)	(8.2)
Research and development expenses	(44,448)	(6.8)	(42,613)	(5.8)	(45,029)	(5.6)
Impairment loss on investment properties	(4,195)	(0.6)	(3,236)	(0.4)	(884)	(0.1)
Impairment loss on other non-current assets	(9,742)	(1.5)	(924)	(0.1)	(867)	(0.1)
Impairment loss on trade receivables and contract assets	(19,064)	(2.9)	(12,362)	(1.7)	(9,588)	(1.2)
Reversal of impairment loss/(impairment loss) on bill receivables and other receivables	827	0.1	(191)	(0.0)	(3,025)	(0.4)
Profit from operations	**20,524**	**3.2**	**105,409**	**14.3**	**102,290**	**12.8**
Finance costs	(2,266)	(0.3)	(3,451)	(0.5)	(1,629)	(0.2)
Share of net (losses)/profits of associates	(98)	(0.0)	271	0.0	(1,761)	(0.2)
Profit before taxation	**18,160**	**2.8**	**102,229**	**13.9**	**98,900**	**12.4**
Income tax	(5,857)	(0.9)	(15,199)	(2.1)	(12,191)	(1.5)
Profit and total comprehensive income for the year	**12,303**	**1.9**	**87,030**	**11.8**	**86,709**	**10.8**
Attributable to:						
Equity shareholders of the Company	21,838	3.4	91,876	12.4	90,093	11.3
Non-controlling interests	(9,535)	(1.5)	(4,846)	(0.6)	(3,384)	(0.5)
Profit and total comprehensive income for the year	**12,303**	**1.9**	**87,030**	**11.8**	**86,709**	**10.8**

NON-IFRS MEASURE

To supplement our consolidated results of operations which are presented in accordance with the IFRSs, we use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. The use of such non-IFRS measure has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial condition as reported under IFRSs. In addition, such non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measure used by other companies. Our presentation of non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

We define adjusted net profit (non-IFRS measure) as profit and total comprehensive income for the year adjusted for equity-settled share-based payment expenses. Equity-settled share-based payment expenses represent the non-cash employee benefit expenses incurred in connection with our share incentive schemes. Such expenses in any specific period are not expected to result in future cash payments and are not indicative of our core operating results.

The following table reconciles our adjusted net profit/loss (non-IFRS measure) for the periods presented to the most directly comparable financial measure calculated and presented under IFRSs.

	Year Ended December 31,		
	2022	2023	2024
		(RMB in thousands)	
Profit and total comprehensive income for the year	**12,303**	**87,030**	**86,709**
Adjusted for:			
Equity-settled share-based payment expenses	5,835	2,383	4,978
Adjusted net profit	**18,138**	**89,413**	**91,687**

Revenue

During the Track Record Period, we generated revenue primarily from our full-stack, cross scenario smart parking offerings to parking facility owners and operators, including smart solutions, smart services and smart operations. Our revenue was RMB649.2 million, RMB738.0 million and RMB799.5 million in 2022, 2023, and 2024, respectively. The following table sets forth a breakdown of our revenue by business line for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Smart solutions	390,859	60.2	452,568	61.3	478,876	59.9
Smart services	174,339	26.8	186,853	25.3	194,726	24.4
Smart operations	82,364	12.7	96,873	13.1	124,227	15.5
Others[1]	1,668	0.3	1,721	0.3	1,682	0.2
Total	**649,230**	**100.0**	**738,015**	**100.0**	**799,511**	**100.0**

(1) Others primarily included rental income and income from sales of obsolete or defective materials and scrap products.

Revenue from smart solutions was primarily generated from the sales of smart parking hardware and software systems and related implementation and maintenance services. We generated revenue of RMB390.9 million, RMB452.6 million and RMB478.9 million from smart solutions in 2022, 2023 and 2024, respectively, representing 60.2%, 61.3% and 59.9% of our total revenue in the same periods, respectively. Our revenue generated from smart solutions increased during the Track Record Period in line with our expanding portfolio of parking facilities under this business line, which increased from 9,273 in 2022 to 11,723 in 2023 and further to 12,213 in 2024.

Revenue from smart services was primarily generated from fixed monthly service fees or service fees generated under a revenue-sharing mechanism based on a predetermined percentage of the parking facility's revenue. We generated revenue of RMB174.3 million, RMB186.9 million and RMB194.7 million from smart services in 2022, 2023 and 2024, respectively, representing 26.8%, 25.3% and 24.4% of our total revenue in the same periods, respectively. The increase in revenue generated from smart services during the Track Record Period was in line with our expanding portfolio of parking facilities under this business line, which increased from 3,883 in 2022 to 4,603 in 2023 and further to 4,890 in 2024.

Revenue from smart operations was primarily generated from revenue from (1) parking facility operations, where we were generally able to retain all revenue from operations or share revenue that exceeds a designated threshold with parking facility owners, (2) value-added operations, and (3) platform operations. To a lesser extent, we also generated revenue from platform services in the form of service fees or commissions. We generated revenue of RMB82.4 million, RMB96.9 million and RMB124.2 million from smart operations in 2022, 2023 and 2024, respectively, representing 12.7%, 13.1% and 15.5% of our total revenue in the same periods, respectively. Our revenue generated from smart operations increased both in absolute amount and as a percentage of our total revenue during the Track Record Period, driven by our continued efforts to grow our smart operations business, especially our contract operation model and parking voucher collaboration model.

Cost of Sales

Our cost of sales was RMB369.6 million, RMB395.3 million and RMB432.6 million in 2022, 2023 and 2024, respectively. The following table sets forth a breakdown of our cost of sales by business line for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Smart solutions	245,466	66.4	263,519	66.7	274,236	63.4
Smart services	78,890	21.3	78,701	19.9	88,371	20.4
Smart operations	44,764	12.1	52,561	13.3	69,459	16.1
Others	505	0.2	515	0.1	510	0.1
Total	**369,625**	**100.0**	**395,295**	**100.0**	**432,576**	**100.0**

Cost of sales in relation to our smart solutions primarily included (1) product costs, which in turn primarily included the costs of equipment, raw materials, production personnel and other items involved in the production activities for our smart parking hardware products, (2) labor costs for our technical support staff and project management personnel in connection with the installation and maintenance services for our smart solutions, and (3) construction costs, representing the costs associated with construction materials and on-site construction contract workers for our smart solutions.

Cost of sales in relation to our smart services primarily included (1) depreciation and amortization relating to (i) the hardware products installed in parking facilities under our smart services business and (ii) associated construction costs, and (2) labor costs for our technical and customer support staff and project management personnel for our smart services.

Cost of sales in relation to our smart operations primarily included (1) mobile payment commissions charged by relevant platforms in connection with parking fees, (2) contracting fees paid to parking facility owners under the contract operation model, and (3) depreciation and amortization relating to (i) installed parking hardware products for our smart operations business and (ii) associated construction costs.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit was RMB279.6 million, RMB342.7 million and RMB366.9 million in 2022, 2023 and 2024, respectively, representing a gross profit margin of 43.1%, 46.4% and 45.9% for the same periods, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB in thousands, except for percentages)					
Smart solutions	145,393	37.2	189,049	41.8	204,640	42.7
Smart services	95,449	54.7	108,153	57.9	106,355	54.6
Smart operations	37,600	45.7	44,312	45.7	54,768	44.1
Others	1,163	69.7	1,206	70.1	1,172	69.7
Total	**279,605**	**43.1**	**342,720**	**46.4**	**366,935**	**45.9**

Selling Expenses

Our selling expenses were RMB139.0 million, RMB154.1 million and RMB159.5 million in 2022, 2023 and 2024, respectively, representing 21.4%, 20.9% and 20.0% of our total revenue in the same periods, respectively. During the Track Record Period, our selling expenses primarily consisted of (1) employee benefit expenses, primarily including salaries, bonuses, social insurance and other benefits for our sales and marketing personnel, (2) office expenses, (3) travel and hospitality expenses incurred in our sales and marketing initiatives, and (4) marketing promotion expenses.

The following table sets forth a breakdown of our selling expenses for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	107,384	77.2	119,591	77.6	125,547	78.6
Office expenses	13,218	9.5	13,269	8.6	13,654	8.6
Travel and hospitality expenses	6,418	4.6	7,163	4.6	7,666	4.8
Marketing promotion expenses	6,327	4.6	5,538	3.6	3,608	2.3
Others[(1)]	5,696	4.1	8,575	5.6	9,034	5.7
Total	**139,043**	**100.0**	**154,136**	**100.0**	**159,509**	**100.0**

(1) Others primarily consisted of depreciation and amortization, vehicle and transportation expenses and other miscellaneous expenses.

Administrative Expenses

Our administrative expenses were RMB69.8 million, RMB63.6 million and RMB65.2 million in 2022, 2023 and 2024, respectively, representing 10.7%, 8.6% and 8.2% of our total revenue in the same periods, respectively. During the Track Record Period, our administrative expenses primarily consisted of (1) employee benefit expenses, primarily including salaries, bonuses, social insurance and other benefits for our general and administrative personnel and senior management, including equity-settled share-based payment expenses, (2) depreciation and amortization of buildings and land use rights allocated to our general and administrative functions, (3) office expenses, (4) travel and hospitality expenses, and (5) professional service fees incurred for our previous A-share listing attempts and in the ordinary course of business (for details, see "History, Development and Corporate Structure — Previous A-Share Listing Attempts"), such as audit fees and legal fees.

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	42,616	61.1	41,327	64.9	42,283	64.8
Depreciation and amortization	5,319	7.6	5,959	9.4	6,145	9.4
Office expenses	4,159	6.0	4,224	6.6	4,007	6.1
Travel and hospitality expenses	1,012	1.5	1,521	2.4	2,216	3.4
Professional service fees	13,238	19.0	5,481	8.6	4,851	7.4
Others[1]	3,423	4.8	5,120	8.1	5,736	8.9
Total	**69,767**	**100.0**	**63,632**	**100.0**	**65,237**	**100.0**

(1) Others primarily consisted of property and land use taxes associated with our office premises and other miscellaneous expenses.

Research and Development Expenses

Our research and development expenses were RMB44.4 million, RMB42.6 million and RMB45.0 million in 2022, 2023 and 2024, respectively, representing 6.8%, 5.8% and 5.6% of our total revenue in the same periods, respectively. During the Track Record Period, our research and development expenses primarily consisted of (1) employee benefit expenses, primarily including salaries, bonuses, social insurance and other benefits for our R&D personnel, and (2) R&D materials, primarily including expenses for raw materials and fees paid to third-party cloud service providers, both in connection with our R&D activities.

The following table sets forth a breakdown of our research and development expenses for the periods indicated.

	Year ended December 31,					
	2022		2023		2024	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentages)					
Employee benefit expenses	39,783	89.5	37,213	87.3	39,951	88.7
R&D materials	1,670	3.8	1,898	4.5	2,143	4.8
Others[(1)]	2,995	6.7	3,502	8.2	2,935	6.5
Total	**44,448**	**100.0**	**42,613**	**100.0**	**45,029**	**100.0**

(1) Others primarily consisted of depreciation and amortization, contract R&D expenses, office expenses and other miscellaneous expenses.

Other Net Income

During the Track Record Period, we recorded other net income of RMB26.4 million, RMB39.8 million and RMB19.5 million, respectively, which primarily consisted of (1) government grants from local governments to support our business and R&D activities or in recognition of our contribution to local economies, (2) interest income from our bank deposits and long-term receivables, (3) net gain on disposal of our operational equipment, such as smart parking hardware products used for our smart services and smart operations businesses, and (4) compensation arising from early termination of a parking facility contract operation agreement in 2023.

The following table sets forth a breakdown of our other net income for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
		(RMB in thousands)	
Government grants	20,690	18,332	13,405
Net foreign exchange gain/(loss)	86	(90)	(262)
Net fair value changes on financial instruments at fair value through profit or loss	—	436	1,409
Interest income	3,685	3,098	3,432
Net gain on disposal of property, plant and equipment	1,525	3,718	2,032
Net gain on disposal of an associate	1,048	—	—
Compensation arising from early termination of a parking facility operation contract	—	14,230	—
Others	(683)	59	(522)
	26,351	39,783	19,494

Impairment Loss on Trade Receivables and Contract Assets

Our impairment loss on trade receivables and contract assets was RMB19.1 million, RMB12.4 million and RMB9.6 million in 2022, 2023 and 2024, respectively. See "— Discussion of Major Balance Sheet Items — Trade and Other Receivables" and "— Discussion of Major Balance Sheet Items — Contract Assets."

Finance Costs

We recorded finance costs of RMB2.3 million, RMB3.5 million and RMB1.6 million in 2022, 2023 and 2024, respectively, which primarily represented interests on bank loans and interests on lease liabilities. See "— Indebtedness — Bank Loans."

Share of Net Losses/Profits of Associates

We recorded share of net losses of associates of RMB98,000 and RMB1.8 million in 2022 and 2024, respectively, and share of net profits of associates of RMB0.3 million in 2023, which primarily represented fluctuations in the operating results of our equity method investees.

Income Tax Expense

We recorded income tax expense of RMB5.9 million, RMB15.2 million and RMB12.2 million in 2022, 2023 and 2024, respectively.

Pursuant to the PRC Enterprise Income Tax Law and related regulations, enterprises which operate in China are generally subject to enterprise income tax at a statutory rate of 25% on the taxable profit, while enterprises recognized as a "high and new technology enterprise" (高新技術企業) ("HNTE") are entitled to a preferential tax rate of 15%. Our Company and Keytop R&D were qualified HNTEs and entitled to a preferential income tax rate of 15% during the Track Record Period. Continued qualification as an HNTE is subject to a three-year review by the relevant government authorities in China, and in practice certain local tax authorities also require annual evaluation of the qualification. In addition, some of our subsidiaries were also qualified as small-and-micro enterprises during the Track Record Period and subject to preferential tax treatments of a reduced enterprise income tax rate of 20% and a 75% deduction of their annual assessable profits. Qualified research and development expenses are allowed for bonus deduction for income tax purpose. As a result, an additional 100%, 100% and 100% of the qualified research and development expenses could be deemed as deductible expenses for the years ended December 31, 2022, 2023 and 2024. We have made our best estimate for the Super Deduction to be claimed in ascertaining assessable profits. For details of the preferential tax treatments we enjoyed during the Track Record Period, see Note 7 in the Accountants' Report set out in Appendix I to this document.

According to the two-tiered profits tax rate regime introduced in Hong Kong, the first HK$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an antifragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates.

During the Track Record Period and up to the Latest Practicable Date, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

Profit for the Year

We had net profit of RMB12.3 million, RMB87.0 million and RMB86.7 million in 2022, 2023 and 2024, respectively, representing a net profit margin of 1.9%, 11.8% and 10.8% for the same periods, respectively.

Adjusted Net Profit (Non-IFRS Measure)

We had adjusted net profit of RMB18.1 million, RMB89.4 million and RMB91.7 million in 2022, 2023 and 2024, respectively, representing an adjusted net profit margin of 2.8%, 12.1% and 11.5% for the same periods, respectively. See "— Non-IFRS Measure" for a reconciliation of our profit and total comprehensive income for the year to our adjusted net profit (non-IFRS measure).

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2024 Compared to Year Ended December 31, 2023

Revenue

Our revenue increased by 8.3% from RMB738.0 million in 2023 to RMB799.5 million in 2024 for the following reasons.

- ***Smart solutions***. Our revenue from smart solutions increased by 5.8% from RMB452.6 million in 2023 to RMB478.9 million in 2024, primarily due to an increase in the number of parking facilities served from 11,723 in 2023 to 12,213 in 2024 driven by our product development and customer acquisition efforts.

- ***Smart services***. Our revenue from smart services increased by 4.2% from RMB186.9 million in 2023 to RMB194.7 million in 2024, primarily due to an increase in the number of parking facilities served from 4,603 in 2023 to 4,890 in 2024 driven by our customer acquisition efforts.

- ***Smart operations***. Our revenue from smart operations increased by 28.2% from RMB96.9 million in 2023 to RMB124.2 million in 2024, primarily due to our continued efforts to grow our smart operations business, especially our contract operation model due to a significant increase in the number of parking facilities thereunder.

Cost of sales

Our cost of sales increased by 9.4% from RMB395.3 million in 2023 to RMB432.6 million in 2024 for the following reasons.

- ***Smart solutions***. Our cost of sales in relation to smart solutions increased by 4.1% from RMB263.5 million in 2023 to RMB274.2 million in 2024, primarily due to increases in product costs and constuction costs generally in line with the business growth.

- ***Smart services***. Our cost of sales in relation to smart services increased by 12.3% from RMB78.7 million in 2023 to RMB88.4 million in 2024, primarily due to an increase in associated labor costs as we recruited additional employees to support our trial of on-street parking management services since late 2023.

- ***Smart operations***. Our cost of sales in relation to smart operations increased by 32.2% from RMB52.6 million in 2023 to RMB69.5 million in 2024, primarily due to an increase in contracting fees, which was generally in line with the growth of our contract operation model.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 7.1% from RMB342.7 million in 2023 to RMB366.9 million in 2024. Our gross profit margin decreased from 46.4% in 2023 to 45.9% in 2024 for the following reasons.

- ***Smart solutions***. The gross profit of our smart solutions increased by 8.3% from RMB189.0 million in 2023 to RMB204.6 million in 2024. The corresponding gross profit margin increased from 41.8% in 2023 to 42.7% in 2024, primarily due to our increased bargaining power in raw material procurement and improved production efficiency as we achieve economies of scale.

- ***Smart services***. The gross profit of our smart services remained relatively stable at RMB108.2 million and RMB106.4 million in 2023 and 2024, respectively. The corresponding gross profit margin decreased from 57.9% in 2023 to 54.6% in 2024, primarily due to our trial of on-street parking management services which require a higher level of manpower investments and impact the overall profitability. Moving forward, we will exercise prudence in providing on-street services and will focus more on services for enclosed facilities, which have a more efficient management structure.

- ***Smart operations***. The gross profit of our smart operations increased by 23.6% from RMB44.3 million in 2023 to RMB54.8 million in 2024. The gross profit margin of our smart operations decreased from 45.7% in 2023 to 44.1% in 2024, primarily because we served certain parking facilities under the contract operation model that had relatively lower profit margins.

Selling expenses

Our selling expenses increased by 3.5% from RMB154.1 million in 2023 to RMB159.5 million in 2024, primarily due to an increase in employee benefit expenses as a result of increased compensation for our sales and marketing personnel due to increased headcount and enhanced sales performance.

Administrative expenses

Our administrative expenses increased by 2.5% from RMB63.6 million in 2023 to RMB65.2 million in 2024, primarily due to an increase in employment benefit expenses for general and administrative personnel as we recorded increased equity-settled share-based payment expenses.

Research and development expenses

Our research and development expenses increased by 5.7% from RMB42.6 million in 2023 to RMB45.0 million in 2024, primarily due to an increase in employee benefit expenses due to increases in both headcount and compensation level to support our R&D initiatives.

Other net income

Our other net income decreased by 51.0% from RMB39.8 million in 2023 to RMB19.5 million in 2024, primarily due to (1) compensation arising from early termination of a parking facility contract operation agreement of RMB14.2 million in 2023, and (2) a decrease in government grants.

Impairment loss on trade receivables and contract assets

Our impairment loss on trade receivables and contract assets decreased by 22.4% from RMB12.4 million in 2023 to RMB9.6 million in 2024 as we enhanced our collection efforts.

Finance costs

Our finance costs decreased by 52.8% from RMB3.5 million in 2023 to RMB1.6 million in 2024, primarily because we fully repaid a bank loan associated with contract operation model by the end of 2023.

Share of net profits/losses of associates

We had share of net losses of associates of RMB1.8 million in 2024, as compared to share of net profits of associates of RMB0.3 million in 2023, primarily due to fluctuations in the operating results of our equity method investees.

Income tax expenses

Our income tax expenses decreased by 19.8% from RMB15.2 million in 2023 to RMB12.2 million in 2024, primarily due to a decrease in tax effect of deductible temporary differences or unused tax losses not recognized.

Profit for the year

As a result of the foregoing, our net profit remained relatively stable at RMB87.0 million and RMB86.7 million in 2023 and 2024, respectively, representing a net profit margin of 11.8% and 10.8% for the same periods, respectively.

Adjusted net profit (non-IFRS measure)

We used adjusted net profit (non-IFRS measure) to supplement our consolidated financial statements. Our adjusted net loss (non-IFRS measure) increased by 2.5% from RMB89.4 million in 2023 to RMB91.7 million in 2024, primarily due to our increased revenue and improved cost and operating efficiency. Our adjusted net profit margin was 12.1% and 11.5% in 2023 and 2024, respectively. See "— Non-IFRS Measure" for a reconciliation of our profit and total comprehensive income for the year to our adjusted net profit (non-IFRS measure).

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 13.7% from RMB649.2 million in 2022 to RMB738.0 million in 2023 for the following reasons.

- ***Smart solutions***. Our revenue from smart solutions increased by 15.8% from RMB390.9 million in 2022 to RMB452.6 million in 2023, primarily due to an increase in the number of parking facilities from 9,273 in 2022 to 11,723 in 2023 as our business recovered from the COVID-19 impact and driven by our customer acquisition efforts.

- ***Smart services***. Our revenue from smart services increased by 7.2% from RMB174.3 million in 2022 to RMB186.9 million in 2023, primarily due to an increase in the number of parking facilities from 3,883 in 2022 to 4,603 in 2023 as our business recovered from the COVID-19 impact and driven by our customer acquisition efforts.

- ***Smart operations***. Our revenue from smart operations increased by 17.6% from RMB82.4 million in 2022 to RMB96.9 million in 2023, primarily due to the increased number of parking facilities under contract operation model and the increased commissions earned under our platform operations as a result of our increased business scale.

Cost of sales

Our cost of sales increased by 6.9% from RMB369.6 million in 2022 to RMB395.3 million in 2023 for the following reasons.

- ***Smart solutions***. Our cost of sales in relation to smart solutions increased by 7.4% from RMB245.5 million in 2022 to RMB263.5 million in 2023, primarily due to increases in product costs and construction costs as a result of our business growth.

- ***Smart services***. Our cost of sales in relation to smart services remained relatively stable at RMB78.9 million and RMB78.7 million in 2022 and 2023, respectively.

- ***Smart operations***. Our cost of sales in relation to smart operations increased by 17.4% from RMB44.8 million in 2022 to RMB52.6 million in 2023, primarily due to increases (1) contracting fees and (2) mobile payment commissions charged by relevant platforms, which were generally in line with the business growth.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 22.6% from RMB279.6 million in 2022 to RMB342.7 million in 2023, respectively. Our gross profit margin increased from 43.1% in 2022 to 46.4% in 2023 for the following reasons.

- ***Smart solutions***. The gross profit of our smart solutions increased by 30.0% from RMB145.4 million in 2022 to RMB189.0 million in 2023. The corresponding gross profit margin increased from 37.2% in 2022 to 41.8% in 2023, primarily due to (1) our increased bargaining power in raw material procurement and improved production efficiency as we achieve economies of scale, and (2) increased revenue contribution by maintenance services as we accumulate our customers base, which have a relatively higher gross profit margin.

- ***Smart services***. The gross profit of our smart services increased by 13.3% from RMB95.5 million in 2022 to RMB108.2 million in 2023. The corresponding gross profit margin increased from 54.7% in 2022 to 57.9% in 2023, primarily due to decreases in labor costs and depreciation and amortization driven by increased operational efficiency.

- ***Smart operations***. The gross profit of our smart operations increased by 17.9% from RMB37.6 million in 2022 to RMB44.3 million in 2023. The corresponding gross profit margin remained relatively stable at 45.7% and 45.7% in 2022 and 2023, respectively.

Selling expenses

Our selling expenses increased by 10.9% from RMB139.0 million in 2022 to RMB154.1 million in 2023, primarily due to increased compensation to sales and marketing personnel to incentivize them, which was also in line with our increased revenue.

Administrative expenses

Our administrative expenses decreased by 8.8% from RMB69.8 million in 2022 to RMB63.6 million in 2023, primarily due to a decrease in professional service fees as we incurred fees in connection with our previous A-share listing attempts in 2022, partially offset by an increase in employment benefit expenses.

Research and development expenses

Our research and development expenses decreased by 4.1% from RMB44.4 million in 2022 to RMB42.6 million in 2023, primarily because we undertook a large-scale project that required customized development, which resulted in the compensation for relevant employees being recorded in cost of sales rather than in research and development expenses, partially offset by an increase in compensation level.

Other net income

Our other net income increased by 51.0% from RMB26.4 million in 2022 to RMB39.8 million in 2023, primarily because we recorded compensation arising from early termination of a parking facility contract operation agreement of RMB14.2 million in 2023.

Impairment loss on trade receivables and contract assets

Our impairment loss on trade receivables and contract assets decreased by 35.2% from RMB19.1 million in 2022 to RMB12.4 million in 2023 as we enhanced our collection efforts.

Finance costs

Our finance costs increased by 52.2% from RMB2.3 million in 2022 to RMB3.5 million in 2023, primarily because we incurred a short-term bank loan associated with contract operation model in December 2022, which was fully paid by the end of 2023.

Share of net profits/losses of associates

We had share of net profits of associates of RMB0.3 million in 2023, as compared to share of net losses of associates of RMB98,000 in 2022, primarily because we disposed of one of the equity method investees in July 2022, which had operating losses in the same year.

Income tax expenses

Our income tax expenses increased by significantly from RMB5.9 million in 2022 to RMB15.2 million in 2023, as our taxable income increased.

Profit for the year

As a result of the foregoing, our net profit increased significantly from RMB12.3 million in 2022 to RMB87.0 million in 2023, representing a net profit margin of 1.9% and 11.8% for the same periods, respectively.

Adjusted net profit (non-IFRS measure)

We recognized adjusted net profit (non-IFRS measure) of RMB18.1 million and RMB89.4 million in 2022 and 2023, respectively, representing an adjusted net profit margin of 2.8% and 12.1% for the same periods, respectively. See "— Non-IFRS Measure" for a reconciliation of our profit and total comprehensive income for the year to our adjusted net profit (non-IFRS measure).

DISCUSSION OF MAJOR BALANCE SHEET ITEMS

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Non-current assets			
Property, plant and equipment	197,048	189,997	180,795
Investment properties	10,745	21,763	22,519
Right-of-use assets	46,204	47,374	104,274
Intangible assets	423	395	319
Interests in associates	9,526	10,457	8,697
Trade receivables	16,744	29,456	43,026
Deferred tax assets	52,724	55,013	51,926
Other non-current assets	12,379	6,178	7,949
	345,793	**360,633**	**419,505**
Current assets			
Inventories	54,863	62,940	66,647
Contract assets	63,424	74,977	87,046
Other current assets	126,788	118,113	224,360
Trade and other receivables	338,116	332,939	322,718
Prepayments	6,043	13,153	27,338
Fixed deposits with banks with original maturity over three months	34,191	—	—
Restricted bank deposits	15,095	35,551	26,796
Cash and cash equivalents	120,274	190,384	164,339
	758,794	**828,057**	**919,244**
Current liabilities			
Trade and other payables	159,683	213,334	212,645
Contract liabilities	48,350	77,109	104,853
Bank loans	69,054	10,011	29,508
Lease liabilities	14,495	15,631	30,693
Current taxation	5,916	7,162	4,705
	297,498	**323,247**	**382,404**
Net current assets	**461,296**	**520,460**	**552,490**
Total assets less current liabilities	**807,089**	**865,443**	**956,345**

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Non-current liabilities			
Lease liabilities	22,421	15,243	33,991
Deferred income	2,847	5,757	5,645
	25,268	**21,000**	**39,636**
NET ASSETS	**781,821**	**844,443**	**916,709**
CAPITAL AND RESERVES			
Share capital	90,000	91,010	91,010
Reserves	719,684	753,389	828,460
Total equity attributable to equity shareholders of the Company	**809,684**	**844,399**	**919,470**
Non-controlling interests	(27,863)	44	(2,761)
TOTAL EQUITY	**781,821**	**844,443**	**916,709**

Property, Plant and Equipment

We had property, plant and equipment of RMB197.0 million, RMB190.0 million and RMB180.8 million as of December 31, 2022, 2023 and 2024, respectively. Our property, plant and equipment primarily consisted of (1) properties and buildings, which mainly included our office premises and production facilities, (2) operational equipment, which mainly represented equipment used for our smart services and smart operations businesses, such as smart parking hardware and systems and charging stations, (3) vehicles, (4) office equipment, such as computers and other IT equipment, servers, and office furniture, (5) machinery and other equipment, including power equipment, production equipment, handling equipment, testing equipment and other machineries used in production activities, (6) construction in progress, which included our production facility under construction, and new parking facilities under construction primarily relating to our smart services business, and (7) leasehold improvements.

The following table sets forth a breakdown of the net book value of our property, plant and equipment as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Properties and buildings	71,138	68,221	65,297
Operational equipment	105,285	94,289	80,532
Vehicles	3,670	4,217	3,849
Office equipment	2,411	2,339	1,781
Machinery and other equipment	1,276	1,795	1,771
Construction in progress	6,192	4,692	17,055
Leasehold improvements	7,076	14,444	10,510
Total	**197,048**	**189,997**	**180,795**

Our property, plant and equipment decreased from December 31, 2022 to December 31, 2023, primarily due to decreases in operational equipment and properties and buildings as a result of routine depreciation, partially offset by an increase in leasehold improvements primarily due to our investments in a city-level smart parking operations project. Our property, plant and equipment further decreased to December 31, 2024, primarily due to decreases in operational equipment, leasehold improvements and properties and buildings as a result of routine depreciation, partially offset by an increase in construction in progress as we initiated the construction of our production facility.

Investment Property

Our investment property primarily represented properties held to generate returns, such as rental income from operating leases or income from resale. We had investment property of RMB10.7 million, RMB21.8 million and RMB22.5 million as of December 31, 2022, 2023 and 2024, respectively. Our investment property increased from December 31, 2022 to December 31, 2023, primarily due to an increase in the number of properties we held, partially offset by the impairment losses recognized for such properties due to changes in value.

Right-of-use Assets

Our right-of-use assets primarily included (1) parking facilities under our contract operation model, (2) properties and buildings that served as our office premises, (3) leasehold land for the construction of our new office building and production facility, and (4) others. We had right-of-use assets was RMB46.2 million, RMB47.4 million and RMB104.3 million as of December 31, 2022, 2023 and 2024, respectively. Our right-of-use assets increased from December 31, 2022 to December 31, 2023, primarily due to an increase in leasehold land as a result of our purchase of one parcel of land for the construction of our production facility, partially offset by a decrease in parking facilities due to routine depreciation. Our right-of-use assets continued to increase to December 31, 2024, primarily due to increases in (1) parking facilities due to the increased scale of our contract operation model and (2) leasehold land as a result of our purchase of one parcel of land for the construction of our office building.

The following table sets forth a breakdown of the net book value of our right-of-use assets as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Parking facilities	21,812	14,638	60,954
Properties and buildings	18,436	18,756	18,364
Leasehold land	3,811	13,167	24,865
Others	2,145	813	91
Total	**46,204**	**47,374**	**104,274**

Trade and Other Receivables

Our trade and other receivables primarily consisted of (1) trade receivables and bill receivables, representing amounts due from our customers, which was primarily relating to our smart solutions and smart services businesses, (2) deposits, primarily representing bidding and performance bonds; (3) VAT recoverable, and (4) other receivables. We had trade and other receivables of RMB354.9 million, RMB362.4 million and RMB365.7 million as of December 31, 2022, 2023 and 2024, respectively, including current and non-current portions. The following table sets forth the details of our trade and other receivables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Non-current:			
Trade receivables, net of loss allowance			
— third parties	16,713	29,330	42,802
— related parties	31	126	224
Total non-current	**16,744**	**29,456**	**43,026**
Current:			
Trade receivables, net of loss allowance			
— third parties	294,650	282,545	253,621
— related parties	1,094	7,376	6,982
Bill receivables	16,821	16,271	11,456
Deposits	4,952	4,141	17,941
VAT recoverable	7,963	8,428	15,065
Other receivables	12,636	14,178	17,653
Total current	**338,116**	**332,939**	**322,718**

Our non-current trade receivables increased during the Track Record Period, primarily due to the increased sales of smart solutions that provided for payment in installments. Our current trade and other receivables decreased from December 31, 2022 to December 31, 2023, primarily due to a decrease in trade receivables as a result of our enhanced collection efforts and adoption of more stringent prepayment requirements based on customer credentials. Our current trade and other receivables further decreased to December 31, 2024, primarily due to decreases in trade receivables and bill receivables for reasons discussed above, partially offset by increases in (1) deposits primarily in connection with certain large-scale public infrastructure projects and (2) VAT recoverable due to additional deductible input tax as a result of increased investments in our new production facility and contracting fees for parking facilities under our contract operation model.

The following table sets forth our trade receivables turnover days for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
Trade receivables turnover days(1)	183	156	142

(1) The trade receivables turnover days are calculated by dividing the average of opening and closing balances of trade receivables, net of loss allowance, for the relevant period by the revenue for the same period, multiplied by the number of calendar days in the relevant period.

Our trade receivables turnover days decreased during the Track Record Period as a result of our enhanced collection efforts and adoption of more stringent prepayment requirements based on customer credentials, and the increase in revenue. We seek to maintain strict control over our outstanding receivables and have dedicated personnel to perform ongoing credit evaluation of our customers and minimize credit risk. Such credit evaluation includes assessment of credit quality of these customers, which takes into account their financial position, past settlement records, nature of business, and industry characteristics, among other factors. Our senior management regularly reviews our overdue balances. We have set up a receivables collection system with designated collection team to oversee the collection of receivables. In addition, our sales personnel closely follow up with our customers on payment status in order to facilitate collection efficiency. Furthermore, we have implemented customer credit management rules to strictly control the contracts signing and product dispatch for customers with poor credit ratings. For customers who refuse to pay despite our repeated collection notices, we may consider ceasing further transactions with such customers or taking legal action.

The following table sets forth an aging analysis of our current trade receivables based on the date of billing and net of loss allowance as of the dates indicated.

	As of December 31,		
	2022	2023	2024
		(RMB in thousands)	
Within one year	184,889	195,326	191,581
More than one year but within two years	75,617	42,478	33,596
More than two years but within three years	25,853	38,037	14,478
More than three years	9,385	14,080	20,948
Total	**295,744**	**289,921**	**260,603**

Our current trade receivables aged over one year decreased from RMB110.9 million as of December 31, 2022 to RMB94.6 million as of December 31, 2023 and further to RMB69.0 million as of December 31, 2024, primarily due to our enhanced collection efforts and adoption of more stringent prepayment requirements based on customer credentials.

As of February 28, 2025, RMB62.3 million, or 20.3% of our trade receivables as of December 31, 2024 has been settled.

Deferred Tax Assets

We had deferred tax assets of RMB52.7 million, RMB55.0 million and RMB51.9 million as of December 31, 2022, 2023 and 2024, respectively. Our deferred tax assets during the Track Record Period were primarily related to the deductible temporary differences including credit impairment provisions, asset impairment provisions, leasing liability tax-accounting differences, tax loss carry-forwards, and unrealized profits from internal transactions.

Inventories

We had inventories of RMB54.9 million, RMB62.9 million and RMB66.6 million as of December 31, 2022, 2023 and 2024, respectively. Our inventories primarily represented (1) raw materials such as hardware components and other raw materials in our production activities, (2) finished goods in stock, (3) work in progress, and (4) goods in transit, representing the smart parking hardware products that had been partially shipped and not yet been recognized as revenue. The following table sets forth the details of our inventories as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Raw materials	15,965	17,237	13,072
Finished goods	20,189	18,506	16,993
Work in progress	2,106	1,978	2,833
Goods in transit	16,603	25,219	33,749
Total	**54,863**	**62,940**	**66,647**

Our inventories increased during the Track Record Period primarily due to increases in the total amount of goods in transit and finished goods as a result of an increase in on-hand orders in line with our business growth.

The following table sets forth our inventories turnover days for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
Inventories turnover days[(1)]	55	54	55

(1) The inventories turnover days are calculated by dividing the average of opening and closing balances of inventories, net of loss allowance, for the relevant period by the cost of sales for the same period, multiplied by the number of calendar days in the relevant period.

We seek to maintain strict control over turnover days of our inventories through enhancing sales demand analysis to refine production stocking plans, improving delivery timelines on both supply and sales sides, and boosting the efficiency of technological service delivery to accelerate customer acceptance.

As of February 28, 2025, approximately RMB9.3 million, or 13.9% of our inventories as of December 31, 2024, had been subsequently utilized or sold.

Contract Assets

Our contract assets primarily related to (1) our rights to consideration arising from performance under smart solutions for which revenue had been recognized but not yet reached the milestones for billing, and (2) a retention money for 3% to 10% of the contract value for our smart solutions business. The retention period normally ranges from 12 to 24 months upon customer acceptance. This amount is included in contract assets until the end of the retention period.

We had contract assets of RMB63.4 million, RMB75.0 million and RMB87.0 million as of December 31, 2022, 2023 and 2024, respectively. Our contract assets increased during the Track Record Period, generally in line with the growth of our smart solutions business.

As of December 31, 2022, 2023 and 2024, the amount of contract assets that was expected to be recovered after more than one year were RMB4.9 million, RMB3.3 million and RMB4.1 million, respectively. All of the other contract assets were expected to be recovered within one year. When our right to consideration becomes unconditional, we reclassify the contract assets to trade receivables.

As of February 28, 2025, approximately RMB8.2 million, or 8.8% of our contract assets as of December 31, 2024, had been reclassified to trade receivables, among which approximately RMB1.5 million had been subsequently settled.

Prepayments

We had prepayments of RMB6.0 million, RMB13.1 million and RMB27.3 million as of December 31, 2022, 2023 and 2024, respectively. Our prepayments primarily consisted of those for (1) operating rental expenses, including prepayments for contracting fees to parking facilities under the contract operation model, advertising displays rental fees, and rentals for office premises, (2) materials purchased for our smart solutions, and (3) others, such as prepayments for cloud services and other miscellaneous costs and expenses in the ordinary course of business. The following table sets forth the details of our prepayments as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Operating rental expense	332	406	14,601
Purchase of raw materials	3,002	4,158	7,424
Others	2,709	8,589	5,313
Total	6,043	13,153	27,338

Our prepayments increased from those as of December 31, 2022 and 2023 to December 31, 2024, primarily because we recorded prepayments for contracting fees.

Other Current Assets

We had other current assets of RMB126.8 million, RMB118.1 million and RMB224.4 million as of December 31, 2022, 2023 and 2024, respectively, representing upfront payments to customers (1) under contract operation model where we adopted a minimum income plus revenue sharing model, and (2) for our procurement of parking vouchers under the parking voucher collaboration model. Our other current assets increased from December 31, 2023 to December 31, 2024, primarily due to the increased business scale of our smart operations business.

Restricted Deposits

Our restricted deposits during the Track Record Period primarily consisted of certain deposits in designated banks as guarantees for letter of guarantee and bank acceptance bill in the ordinary course of business. We had restricted deposits of RMB15.1 million, RMB35.6 million and RMB26.8 million as of December 31, 2022, 2023 and 2024, respectively.

Cash and Cash Equivalents

Our cash and cash equivalents primarily consisted of cash at bank. We had cash and cash equivalents of RMB120.3 million, RMB190.4 million and RMB164.3 million as of December 31, 2022, 2023 and 2024, respectively.

Trade and Other Payables

We had trade and other payables of RMB159.7 million, RMB213.3 million and RMB212.6 million as of December 31, 2022, 2023 and 2024, respectively. Our trade and other payables primarily consisted of (1) trade payables, representing amounts payable to suppliers for raw materials used in the production of smart parking systems, construction services and other products and services for our operations, (2) salaries and bonus payables, (3) bill payables, and (4) other payables and accruals for VAT incurred and relating to retention money from third-party construction service providers. The following table sets forth a breakdown of our trade and other payables as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Trade payables			
— third parties	68,184	87,140	84,791
— related parties	—	22	87
Salaries and bonus payables	32,628	40,884	47,197
Bill payables	21,578	21,010	20,728
Other payables and accruals	37,293	64,278	59,842
Total	159,683	213,334	212,645

Our trade and other payables increased from that of December 31, 2022 to December 31, 2023 and 2024, primarily due to increases in (1) trade payables, which was generally in line with our overall business growth, and (2) salaries and bonus payables, primarily as a result of the increased compensation level for our employees.

Our suppliers generally grant us a credit period of 60 days. The following table sets forth our trade payables turnover days for the periods indicated.

	Year ended December 31,		
	2022	2023	2024
Trade payables turnover days[(1)]	77	72	73

(1) The trade payables turnover days are calculated by dividing the average of opening and closing balances of trade payables for the relevant period by the cost of sales for the same period, multiplied by the number of calendar days in the relevant period.

Our trade payables turnover days decreased from 77 days in 2022 to 72 days in 2023 and 73 days in 2024, primarily due to the significant growth of our smart operations business, which led to a greater increase in cost of sales than in trade payables.

The following table sets forth an aging analysis of our trade payables based on invoice date as of the dates indicated.

	As of December 31,		
	2022	2023	2024
	(RMB in thousands)		
Within one year	56,304	76,814	72,633
Over one year but within two years	6,342	3,861	4,791
Over two years but within three years	3,374	2,573	2,188
Over three years	2,164	3,914	5,266
Total	**68,184**	**87,162**	**84,878**

As of February 28, 2025, RMB44.7 million, or 52.6% of our trade payables as of December 31, 2024 had been settled.

Contract Liabilities

We had contract liabilities of RMB48.4 million, RMB77.1 million and RMB104.9 million as of December 31, 2022, 2023 and 2024, respectively. Our contract liabilities arise when we receive customer prepayments before related products and services are provided. The following table sets forth the details of our contract liabilities as of the dates indicated.

	As of December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Smart solutions	36,982	62,374	85,329
Smart services	5,925	9,446	12,913
Smart operations	5,443	5,289	6,611
Total	**48,350**	**77,109**	**104,853**

Our contract liabilities increased during the Track Record Period, primarily due to our adoption of more stringent prepayment requirements based on customer credentials, which led to a higher prepayment ratio for certain customers.

As of February 28, 2025, approximately RMB13.8 million, or 13.1% of our contract liabilities as of December 31, 2024, had been subsequently recognized as revenue.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary uses of cash are to fund our working capital requirements and other recurring expenses. During the Track Record Period, we financed our capital expenditures and working capital requirements primarily through cash generated from our operating activities and bank loans.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of cash generated from our operating activities, bank loans, the estimated **[REDACTED]** from the **[REDACTED]** and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Taking into consideration of financial resources presently available to us, our Directors are of the view that our available cash and cash equivalents, anticipated cash flow from operations, bank loans, and the estimated **[REDACTED]** from the **[REDACTED]** will be sufficient to meet our present and anticipated cash requirements for the next 12 months from the date of this document.

Cash Flows

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	Year ended December 31,		
	2022	**2023**	**2024**
		(RMB in thousands)	
Net cash (used in)/generated from operating activities	(5,629)	182,025	66,421
Net cash used in investing activities	(34,341)	(21,176)	(55,400)
Net cash generated from/(used in) financing activities	15,340	(90,648)	(36,804)
Net (decrease)/ increase in cash and cash equivalents	(24,630)	70,201	(25,783)
Cash and cash equivalents at the beginning of the year	144,818	120,274	190,384
Effect of foreign exchange rate changes	86	(91)	(262)
Cash and cash equivalents at the end of the year	120,274	190,384	164,339

Net cash generated from operating activities

In 2024, we had net cash generated from operating activities of RMB66.4 million, primarily due to profit before tax of RMB98.9 million, as adjusted by certain non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB57.4 million, depreciation of right of use assets of RMB23.1 million, and impairment loss on contract assets and trade receivables of RMB9.6 million, and changes in working capital that positively affected our cash flows, mainly including an increase in contract liabilities of RMB27.7 million, and a decrease in restricted bank balances of RMB8.8 million, partially offset by changes in working capital that negatively affected our cash flow, mainly including an increase in other current assets of RMB106.2 million, an increase in trade and other receivables of RMB18.2 million, an increase in prepayments of RMB14.2 million, and an increase in contract assets of RMB12.1 million.

In 2023, we had net cash generated from operating activities of RMB182.0 million, primarily due to profit before tax of RMB102.2 million, as adjusted by certain non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB58.3 million, depreciation of right-of-use assets of RMB19.6 million, and impairment loss on contract assets and trade receivables of RMB12.4 million, and changes in working capital that positively affected our cash flows, mainly including an increase in trade and other payables of RMB40.9 million, and an increase in contract liabilities of RMB28.8 million, partially offset by changes in working capital that negatively affected our cash flow, mainly including an increase in trade and other receivables of RMB29.0 million, an increase in restricted bank balances of RMB20.5 million, an increase in contract assets of RMB11.6 million, and an increase in inventories of RMB9.1 million.

In 2022, we had net cash used in operating activities of RMB5.6 million, due to profit before tax of RMB18.2 million, as adjusted by certain non-cash and non-operating items, mainly including depreciation of property, plant and equipment of RMB50.6 million, depreciation of right-of-use assets of RMB23.0 million, and impairment loss on contract assets and trade receivables of RMB19.1 million, and changes in working capital that positively affected our cash flows, mainly including an increase in contract liabilities of RMB22.2 million, partially offset by changes in working capital that negatively affected our cash flow, mainly including an increase in other current assets of RMB108.8 million, a decrease in trade and other payables of RMB15.5 million, and an increase in restricted bank balances of RMB9.9 million.

Net cash used in investing activities

In 2024, our net cash used in investing activities was RMB55.4 million, primarily due to placement of structured deposits of RMB210.0 million, and payment for purchase of property, plant and equipment of RMB49.4 million, partially offset by maturity of structured deposits of RMB211.4 million.

In 2023, our net cash used in investing activities was RMB21.2 million, primarily due to placement of structured deposits of RMB90.0 million, payment for purchase of property, plant and equipment of RMB57.6 million, and payment for purchase of leasehold land of RMB9.5 million, partially offset by maturity of structured deposits of RMB90.4 million, maturity of fixed deposits with banks with original maturity over three months of RMB31.0 million, and proceeds from disposal of property, plant and equipment and other long-term assets of RMB10.0 million.

In 2022, our net cash used in investing activities was RMB34.3 million, primarily due to payment for purchase of property, plant and equipment of RMB42.4 million, partially offset by proceeds from disposal of property, plant and equipment of RMB4.4 million and proceeds from disposal of an associate of RMB2.5 million.

Net cash generated from/used in financing activities

In 2024, our net cash used in financing activities was RMB36.8 million, primarily due to capital element of lease rentals paid of RMB35.3 million, dividends to equity shareholders of RMB20.0 million and repayments of bank loans of RMB12.5 million, partially offset by proceeds from bank loans of RMB32.0 million.

In 2023, our net cash used in financing activities was RMB90.6 million, primarily due to repayments of bank loans of RMB108.5 million, acquisition of additional interests in subsidiaries of RMB26.6 million and capital element of lease rentals paid of RMB17.0 million, partially offset by proceeds from bank loans of RMB49.5 million and capital injections from equity shareholders of RMB15.7 million.

In 2022, our net cash generated from financing activities was RMB15.3 million, primarily due to proceeds from bank loans of RMB65.0 million, partially offset by dividends to equity shareholders of RMB20.0 million and capital element of lease rentals paid of RMB19.3 million.

Current Assets and Current Liabilities

The following table sets forth our current assets, current liabilities and net current assets as of the dates indicated.

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Current assets:				
Inventories	54,863	62,940	66,647	73,765
Contract assets	63,424	74,977	87,046	96,915
Other current assets	126,788	118,113	224,360	216,515
Trade and other receivables	338,116	332,939	322,718	282,812
Prepayments	6,043	13,153	27,338	47,174
Fixed deposits with banks with original maturity over three months	34,191	—	—	—
Restricted bank deposits	15,095	35,551	26,796	24,444
Cash and cash equivalents	120,274	190,384	164,339	163,383
Total current assets	**758,794**	**828,057**	**919,244**	**905,008**
Current liabilities:				
Trade and other payables	159,683	213,334	212,645	165,363
Contract liabilities	48,350	77,109	104,853	101,617
Bank loans	69,054	10,011	29,508	29,506
Lease liabilities	14,495	15,631	30,693	39,598
Current taxation	5,916	7,162	4,705	4,062
Total current liabilities	**297,498**	**323,247**	**382,404**	**340,146**
Net current assets	**461,296**	**504,810**	**536,840**	**564,862**

We had net current assets of RMB461.3 million, RMB504.8 million, RMB536.8 million and RMB564.9 million as of December 31, 2022, 2023, and 2024 and February 28, 2025, respectively. Our net current assets position as of each of these dates was primarily attributable to our trade and other receivables, prepayments, cash and cash equivalents and inventories, partially offset by our trade and other payables, contract liabilities and bank loans.

Our net current assets increased from RMB536.8 million as of December 31, 2024 to RMB564.9 million as of February 28, 2025, primarily due to (1) a decrease in trade and other payables of RMB47.3 million as we paid our suppliers during the first quarter, and (2) an increase in prepayments of RMB19.8 million, partially offset by a decrease in trade and other receivables of RMB39.9 million, as a result of decreases in (i) trade receivables due to accelerated customer payments in the first quarter of each year in line with industry buying patterns and (ii) salaries and bonus payables as we paid out year-end bonus.

Our net current assets increased from RMB504.8 million as of December 31, 2023 to RMB536.8 million as of December 31, 2024, primarily due to (1) an increase in other current assets of RMB106.2 million as a result of the rapid growth of our contract operation model, (2) an increase in inventories of RMB3.7 million, and (3) an increase in contract assets of RMB12.1 million, partially offset by (i) an increase in contract liabilities of RMB27.7 million, (ii) a decrease in cash and cash equivalents of RMB26.0 million as we invested in our smart operations business, (iii) an increase in bank loans of RMB19.5 million, and (iv) an increase in lease liabilities of RMB15.1 million.

Our net current assets increased from RMB461.3 million as of December 31, 2022 to RMB504.8 million as of December 31, 2023, primarily due to (1) an increase in cash and cash equivalents of RMB70.1 million as a result of our business growth, (2) a decrease in bank loans of RMB59.0 million, (3) an increase in restricted bank deposits of RMB20.5 million, and (4) an increase in inventories of RMB8.1 million, partially offset by (i) an increase in contract assets of RMB11.6 million, and (ii) an increase in contract liabilities of RMB28.8 million.

INDEBTEDNESS

Our indebtedness during the Track Record Period consisted of bank loans and lease liabilities. February 28, 2025 is the latest practicable date for the purpose of this statement of indebtedness in this document. The following table sets forth a breakdown of our indebtedness as of the date indicated.

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Current:				
Bank loans	69,054	10,011	29,508	29,506
Lease liabilities	14,495	15,631	30,693	39,598
Non-current:				
Lease liabilities	22,421	15,243	33,991	49,646
Total	**105,970**	**40,885**	**94,192**	**118,750**

Bank Loans

Our bank loans amounted to RMB69.1 million, RMB10.0 million, RMB29.5 million and RMB29.5 million as of December 31, 2022, 2023 and 2024 and February 28, 2025, respectively. As of February 28, 2025, we had unutilized bank facilities of RMB261.0 million. The following table sets forth a breakdown of our bank loans as of the dates indicated.

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			
				(unaudited)
Bank loans:				
— unsecured and guaranteed	34,018	5,005	4,505	4,503
— unsecured and unguaranteed	5,006	5,006	3,003	3,002
— secured and guaranteed	30,030	—	22,000	22,000
Total	**69,054**	**10,011**	**29,508**	**29,506**

All of our bank loans were due within one year. Our bank loans as of December 31, 2022, 2023 and 2024 and February 28, 2025 were denominated in Renminbi, with effective interest rates ranging from 3.65% to 4.95%, 3.55% to 4.00%, 3.50% to 3.65% and 3.50% to 3.65% per annum, respectively.

As of December 31, 2022, 2023 and 2024, RMB64.0 million, nil and RMB22.0 million of our bank loans were guaranteed by our Controlling Shareholders, respectively. As of December 31, 2022, 2023 and 2024, property, plant and equipment of RMB71.1 million, RMB68.2 million and RMB65.3 million, respectively, and investment property of RMB7.5 million, RMB7.0 million and RMB6.6 million, respectively, were pledged to secure certain of our bank facilities.

We are subject to certain restrictive covenants under the terms of our bank loans, which are commonly found in loan arrangements with financial institutions in China, and may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, the use of proceeds and pledged assets related to the bank loans, and our ability to engage in change-in-control transactions, and reduce our working capital. Furthermore, some of our bank borrowings are subject to the fulfillment of covenants relating to certain of our financial ratios, as are commonly found in loan arrangements with financial institutions. See "Risk Factors — Risks Relating to Our Business and Industry — Failure to satisfy our obligations related to our bank loans may materially and adversely affect our business, results of operations and financial condition."

Our Directors confirm that we did not have any material default in payment of bank loans, and did not breach any material covenants in relation to the bank loans mentioned above in all material aspects, during the Track Record Period and up to the Latest Practicable Date.

Lease Liabilities

We had lease liabilities of RMB36.9 million, RMB30.9 million, RMB64.7 million and RMB89.2 million as of December 31, 2022, 2023 and 2024 and February 28, 2025, respectively. The following table sets forth the repayable schedule of our lease liabilities as of the date indicated.

	As of December 31,			As of February 28,
	2022	2023	2024	2025
	(RMB in thousands)			(unaudited)
Within one year	14,495	15,631	30,693	35,749
After one year but within two years	10,648	7,255	20,960	27,012
After two years but within five years	10,082	7,418	12,228	25,552
After five years	1,691	570	803	931
Total	**36,916**	**30,874**	**64,684**	**89,244**

Statement of Indebtedness

Saved as disclosed above, as of February 28, 2025, we had no bank loans, or any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, borrowings or similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases, guarantees or other material contingent liabilities. Our Directors confirm that there has not been any material change in our indebtedness since February 28, 2025 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

We did not have any contingent liabilities during the Track Record Period and up to the Latest Practicable Date.

CAPITAL COMMITMENTS AND EXPENDITURES

Capital Commitments

Our capital commitments were mainly related to property, plant and equipment. Our capital commitments amounted to nil, RMB0.3 million and RMB85.4 million as of December 31, 2022, 2023 and 2024, respectively, representing contracted amounts for our new production facility under construction. See Note 32 to the Accountants' Report in Appendix I to this document.

Capital Expenditures

Our capital expenditures during the Track Record Period primarily represented payment for purchase of property, plant and equipment and payment for leasehold land. Our capital expenditures were RMB42.7 million, RMB67.8 million and RMB61.5 million, respectively, in 2022, 2023 and 2024, respectively. We funded our capital expenditure requirements during the Track Record Period mainly from a combination of cash generated from our operating activities and bank loans. We plan to fund our planned capital expenditures by using cash flow generated from our operations and the **[REDACTED]** received from the **[REDACTED]**.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had no off-balance sheet arrangements.

[REDACTED]

We expect to incur a total of approximately RMB**[REDACTED]** million of **[REDACTED]** expenses in connection with the **[REDACTED]**, representing approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of the indicative **[REDACTED]** range between HK$**[REDACTED]** and HK$**[REDACTED]**, and assuming that the **[REDACTED]** is not exercised), including (1) **[REDACTED]** related expenses (including but not limited to **[REDACTED]** and fees) of approximately RMB**[REDACTED]** million, and (2) non-**[REDACTED]** expenses of approximately RMB**[REDACTED]** million, which consist of (i) fees and expenses of legal advisors and accountants of approximately RMB**[REDACTED]** million, and (ii) other fees and expenses of approximately RMB**[REDACTED]** million. We expect to incur **[REDACTED]** expenses of approximately RMB**[REDACTED]** million prior to and upon completion of the **[REDACTED]**, out of which approximately RMB**[REDACTED]** million is expected to be charged to our consolidated statements of profit and loss and other comprehensive income, and approximately RMB**[REDACTED]** million is expected to be deducted from equity upon the completion of the **[REDACTED]**. The **[REDACTED]** expenses above are the best estimate as of the Latest Practicable Date and for reference only. The actual amount may differ from this estimate.

RELATED PARTY TRANSACTIONS

We may enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 33 to the Accountants' Report in Appendix I to this document. Our Directors believe that each of the related party transactions was conducted in the ordinary course of business on an arm's length basis. Our Directors are of the view that related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of the dates or for the periods indicated.

	As of/for the year ended December 31,		
	2022	2023	2024
Gross profit margin	43.1%	46.4%	45.9%
Net profit margin	1.9%	11.8%	10.8%
Adjusted net profit margin (non-IFRS measure)[(1)]	2.8%	12.1%	11.5%
Current ratio[(2)] (times)	2.6	2.6	2.4
Quick ratio[(3)] (times)	2.4	2.4	2.2

(1) The calculation of adjusted net profit margin (non-IFRS measure) is based on adjusted net profit divided by revenue for the respective period and multiplied by 100.0%.

(2) The calculation of current ratio is based on current assets divided by current liabilities as of period end.

(3) The calculation of quick ratio is based on current assets less inventories divided by current liabilities as of period end.

Gross Profit Margin and Net Profit Margin, and Adjusted Net Profit Margin (Non-IFRS Measure)

See "— Period to Period Comparison of Results of Operations" for a discussion of the factors affecting our gross profit margin, net profit margin and adjusted net profit margin (non-IFRS measure) during the Track Record Period.

Current Ratio and Quick Ratio

Our current ratio remained relatively stable at 2.6, 2.6 and 2.4 as of December 31, 2022, 2023 and 2024. Our quick ratio remained relatively stable at 2.4, 2.4 and 2.2 as of the same dates.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF FINANCIAL RISKS

Exposure to credit, liquidity and interest rate risks arise in the normal course of our business. We do not have significant financial instruments that are denominated in foreign currencies, i.e., a currency other than the functional currency of the operations to which the transactions relate as of December 31, 2022, 2023 and 2024, and consequently does not have significant exposure to foreign currency risk.

Our exposure to these risks and the financial risk management policies and practices used by us to manage these risks are described below. See Note 31 to the Accountants' Report included in Appendix I to this document for details.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and other receivables and contract assets. Our exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and other financial assets is limited because the counterparties are banks, and financial institutions for which we consider to represent low credit risk. We do not provide any guarantees which would expose us to credit risk.

We have established a credit risk management policy under which individual credit evaluations are performed on all customers regarding credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 90 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, we do not obtain collateral from customers.

As of December 31, 2022, 2023 and 2024, 3.1%, 3.7% and 1.0% of the total contract assets and current trade receivables was due from our largest customer in each year during the Track Record Period respectively, and 8.3%, 12.9% and 11.8% of the total contract assets and current trade receivables was due from our five largest customers in each year during the Track Record Period.

We measure loss allowances for contract assets and current trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As our historical credit loss experience does not indicate significantly different loss patterns for different type of customer, the loss allowance based on past due status is not distinguished among our different customer types.

Our Directors considered current trade receivables with gross carrying amount of RMB25.0 million, RMB29.5 million and RMB37.7 million as of December 31, 2022, 2023 and 2024 were in default or credit-impaired, respectively, and measured ECLs for these current trade receivables at lifetime ECLs individually.

Liquidity risk

Our treasury function is centrally managed by us, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants, to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash balances at bank and on hand, fixed deposits, bank loans, restricted bank deposits and lease liabilities. Interest-bearing financial instruments at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk, respectively.

DIVIDENDS

We are a joint stock company incorporated under PRC laws. According to the PRC Company Law, a PRC-incorporated company is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, determined under PRC GAAP, to contribute to certain statutory reserve funds until the aggregate amount contributed to such funds reaches 50% of its registered capital. The company may pay dividends out of after-tax profits after making up for accumulated losses and contributing to statutory reserve funds as mentioned above. As advised by our PRC Legal Advisors, no dividend shall be declared or payable, unless we have profits and reserves lawfully available for distribution. Any future net profit that we make will have to be first applied to make up for our historically accumulated losses, if any, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such fund has reached more than 50% of our registered capital.

According to our dividend policy, any dividends we pay will be determined at the discretion of our general meetings of Shareholders. We shall consider paying dividends in appropriate proportions, provided that we ensure sufficient funding for normal operations and development. In 2022, 2023 and 2024, our Company declared cash dividends of RMB20.0 million, nil and RMB20.0 million, respectively, all of which had been paid in full. See Note 30 to the Accountants' Report included in Appendix I to this document for details.

DISTRIBUTABLE RESERVES

As of December 31, 2024, our Company's retained profits amounted to RMB436.1 million, which represented our distributable reserves as of the same date.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or **[REDACTED]** position since December 31, 2024 (being the end of the Track Record Period as reported in the Accountants' Report in Appendix I) and there is no event since December 31, 2024 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Appendix II — Unaudited **[REDACTED]** Financial Information."

FUTURE PLANS

See "Business — Growth Strategies" for a detailed description of our future plans.

[REDACTED]

We estimate that the **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** commissions and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]** million, assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the indicative range of the **[REDACTED]** of HK$**[REDACTED]** to HK$**[REDACTED]** per H Share), and that the **[REDACTED]** is not exercised.

We currently intend to use the **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts as set out below:

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to advance our R&D efforts and enhance our technological capabilities, including:

  (1) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, to recruit high-caliber R&D personnel in order to further enhance the intelligent digitalization of urban parking. We seek to continuously develop our AI-driven next-generation smart parking foundation model training and application platform, thereby enhancing operational analysis and enabling recommendations for improvements across various parking facilities and scenarios. To this end, we aim to attract top-tier, multi-disciplinary technological talents and experts in fields such as AI algorithms, foundation models and computer vision. We also plan to recruit technological staff in automated testing and software development, to comprehensively support our R&D initiatives. Based on our current estimation, we plan to recruit approximately 80 to 100 new R&D experts over the next three years. By expanding our R&D team, we will strengthen our capabilities in smart parking technology, driving optimization and innovation through dedicated research efforts.

  (2) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, to improve our technological infrastructure. The rise of AI, big data analytics and other cutting-edge technologies has enabled us to streamline parking management and operations to reduce costs and improve efficiency. As such, we intend to invest in technological infrastructure to capitalize on the significant growth opportunities. Specifically, we will acquire computing and storage resources to ensure high-performance intelligent computing and reliable data management, which are

essential to support the training and application of AI models. We also intend to procure middleware and operational platforms to enhance the efficiency of our R&D activities. In addition, we will invest in security components to ensure the integrity and continuity of our operations.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to deepen our smart operations business and increase our operational scale. We aim to empower parking asset owners and operators by enhancing the intelligent digitalization of parking assets, enabling them to generate sustainable returns. We intend to collaborate with an increasing number of parking facilities under our contract operation model. We plan to continue to expand our network of parking facilities and deliver smart operations to meet the evolving demands of our customers, while maintaining our leading position in the smart parking space operation industry. Specifically, we plan to focus primarily on collaborating with parking facilities in the southeastern coastal region of China, where we have established market presence, to further enhance our penetration. We also seek to strategically expand our operations to provincial capital cities in North, Central and Southwest China, to broaden our geographical coverage. In the next three years, we currently plan to increase our coverage to an additional number of 200 parking facilities. We are committed to establishing sustainable relationships with parking facilities of different types, sizes and development stages, to enlarge our market share and solidify our leadership.

  Moreover, we intend to facilitate the digital and intelligent transformation of parking facilities under our contract operation model. We will equip the parking facilities with, among others, parking fee management system, in order to improve operational efficiency and elevate the asset value of the facilities. We also plan to recruit capable operational personnel to remotely support these parking facilities, therefore further streamlining our smart operations.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to extend our marketing and service networks and further explore global expansion opportunities, including:

  (1) approximately **[REDACTED]**% of the **[REDACTED]**, or approximately HK$**[REDACTED]** million, to expand our domestic marketing and service teams. We will continue to enhance the development of our marketing networks within China. Specifically, we aim to expand our customer base by strategically focusing on lower-tier cities in the southeastern coastal region of China, to expand the penetration of our smart operations business. We also plan to introduce our smart solutions to provincial capital cities in western China, which present significant

under-served needs for the intelligent digitalization of urban parking. We plan to recruit additional sales and marketing personnel and establish localized teams in these cities. In particular, to support the rapid growth, we target to engage sales personnel who possess industry knowledge and experience in parking asset management and operations. In companion, we also plan to hire additional operational and technical support personnel to facilitate our market penetration efforts. We tentatively intend to recruit approximately 150 employees in the next three years, responsible for sales and marketing and customer support. By leveraging our highly adaptable and scalable business model, we aim to replicate the success of our existing projects.

(2) approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, to assemble localized overseas marketing teams. We are prioritizing two key regions for strategic deployment, including Southeast Asia and the Middle East. To support this, we plan to collaborate with local business partners and recruit localized personnel well-versed with the business practices and environments of these target regional markets. By leveraging our strengths in product portfolio, technological capabilities and brand recognition, we aim to increase our market share in these high-potential regions.

- approximately **[REDACTED]**% of the **[REDACTED]**, or HK$**[REDACTED]** million, for working capital and other general corporate purposes.

The above allocation of the **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed below or above the mid-point of the indicative **[REDACTED]** range. Any additional **[REDACTED]** received from the exercise of the **[REDACTED]** will also be allocated to the above purposes on a pro rata basis. In the event that the **[REDACTED]** is exercised in full, we will receive **[REDACTED]** of HK$**[REDACTED]** million (after deducting the estimated **[REDACTED]** commissions and other fees and expenses payable by us in connection with the **[REDACTED]** and assuming an **[REDACTED]** of HK$**[REDACTED]** per H Share, being the mid-point of our indicative **[REDACTED]** range).

To the extent that the **[REDACTED]** are not immediately applied to the above purposes, we intend to deposit the **[REDACTED]** into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions), so long as it is deemed to be in the best interests of our Company.

[REDACTED]

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The following is the text of a report set out on pages I-1 to I-100, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 廈門科拓通訊技術股份有限公司 KEYTOP PARKING INC., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CMBC INTERNATIONAL CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of 廈門科拓通訊技術股份有限公司 KEYTOP PARKING INC. (the "Company") and its subsidiaries (together the "Group") set out on pages I-4 to I-100, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 (the "Relevant Periods"), and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-100, forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the "Document") in connection with the initial **[REDACTED]** of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023 and 2024 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 30(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[*date*]

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*4*	649,230	738,015	799,511
Cost of sales		(369,625)	(395,295)	(432,576)
Gross profit		279,605	342,720	366,935
Other net income	*5*	26,351	39,783	19,494
Selling expenses		(139,043)	(154,136)	(159,509)
Administrative expenses		(69,767)	(63,632)	(65,237)
Research and development expenses		(44,448)	(42,613)	(45,029)
Impairment loss on investment properties		(4,195)	(3,236)	(884)
Impairment loss on other non-current assets		(9,742)	(924)	(867)
Impairment loss on trade receivables and contract assets		(19,064)	(12,362)	(9,588)
Reversal of impairment loss/(impairment loss) on bill receivables and other receivables		827	(191)	(3,025)
Profit from operations		20,524	105,409	102,290
Finance costs	*6(a)*	(2,266)	(3,451)	(1,629)
Share of net (losses)/profits of associates	*17*	(98)	271	(1,761)
Profit before taxation	*6*	18,160	102,229	98,900
Income tax	*7(a)*	(5,857)	(15,199)	(12,191)
Profit and total comprehensive income for the year		12,303	87,030	86,709
Attributable to:				
Equity shareholders of the Company		21,838	91,876	90,093
Non-controlling interests		(9,535)	(4,846)	(3,384)
Profit and total comprehensive income for the year		12,303	87,030	86,709
Earnings per share	*10*			
Basic and diluted *(RMB)*		0.24	1.01	0.99

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	As at 31 December		
		2022	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	197,048	189,997	180,795
Investment properties	*12*	10,745	21,763	22,519
Right-of-use assets	*13*	46,204	47,374	104,274
Intangible assets	*14*	423	395	319
Interests in associates	*17*	9,526	10,457	8,697
Trade receivables	*21*	16,744	29,456	43,026
Deferred tax assets	*29(b)*	52,724	55,013	51,926
Other non-current assets	*16*	12,379	6,178	7,949
		345,793	360,633	419,505
Current assets				
Inventories	*18*	54,863	62,940	66,647
Contract assets	*19(a)*	63,424	74,977	87,046
Other current assets	*20*	126,788	118,113	224,360
Trade and other receivables	*21*	338,116	332,939	322,718
Prepayments	*21*	6,043	13,153	27,338
Fixed deposits with banks with original maturity over three months		34,191	—	—
Restricted bank deposits	*22*	15,095	35,551	26,796
Cash and cash equivalents	*23*	120,274	190,384	164,339
		758,794	828,057	919,244
Current liabilities				
Trade and other payables	*26*	159,683	213,334	212,645
Contract liabilities	*19(b)*	48,350	77,109	104,853
Bank loans	*24*	69,054	10,011	29,508
Lease liabilities	*25*	14,495	15,631	30,693
Current taxation	*29(a)*	5,916	7,162	4,705
		297,498	323,247	382,404
Net current assets		461,296	504,810	536,840
Total assets less current liabilities		807,089	865,443	956,345

	Note	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*25*	22,421	15,243	33,991
Deferred income		2,847	5,757	5,645
		25,268	21,000	39,636
NET ASSETS		781,821	844,443	916,709
CAPITAL AND RESERVES				
Share capital	*30(c)*	90,000	91,010	91,010
Reserves		719,684	753,389	828,460
Total equity attributable to equity shareholders of the Company		809,684	844,399	919,470
Non-controlling interests		(27,863)	44	(2,761)
TOTAL EQUITY		781,821	844,443	916,709

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

	Note	As at 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Non-current asset				
Property, plant and equipment	*11*	93,915	115,624	129,730
Investment properties	*12*	13,246	24,129	24,794
Right-of-use assets	*13*	7,330	8,875	10,944
Intangible assets	*14*	423	395	319
Investment in subsidiaries	*15*	121,390	186,557	193,597
Interests in associates	*17*	9,526	10,457	8,697
Trade receivables	*21*	16,744	29,456	42,885
Deferred tax assets		33,662	39,951	42,803
Other non-current assets	*16*	12,363	6,151	7,845
		308,599	421,595	461,614
Current assets				
Inventories	*18*	41,210	51,310	57,287
Contract assets	*19(a)*	48,952	61,802	77,415
Other current assets	*20*	20,432	17,896	6,614
Trade and other receivables	*21*	660,590	584,645	716,030
Prepayments	*21*	4,124	9,410	23,767
Fixed deposits with banks with original maturity over three months		34,191	—	—
Restricted bank deposits	*22*	14,482	22,097	16,584
Cash and cash equivalents	*23*	32,067	162,521	97,585
		856,048	909,681	995,282
Current liabilities				
Trade and other payables	*26*	201,889	348,372	385,780
Contract liabilities	*19(b)*	37,396	64,345	91,000
Bank loans	*24*	69,054	—	—
Lease liabilities	*25*	1,491	2,962	3,767
		309,830	415,679	480,547
Net current assets		546,218	494,002	514,735
Total assets less current liabilities		854,817	915,597	976,349
Non-current liabilities				
Lease liabilities	*25*	1,355	1,884	2,876
Deferred income		2,847	2,736	2,625
		4,202	4,620	5,501
NET ASSETS		850,615	910,977	970,848
CAPITAL AND RESERVES				
Share capital	*30(c)*	90,000	91,010	91,010
Reserves		760,615	819,967	879,838
TOTAL EQUITY		850,615	910,977	970,848

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company								
	Note	Share capital	Capital reserve	Other reserves	Share-based payment reserve	Statutory reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 30(c)	*Note 30(d)(i)*	*Note 30(d)(iii)*	*Note 30(d)(iv)*	*Note 30(d)(ii)*				
Balance at 1 January 2022		90,000	384,240	(12,722)	1,215	35,479	303,799	802,011	(18,328)	783,683
Changes in equity for 2022:										
Profit and total comprehensive income for the year		—	—	—	—	—	21,838	21,838	(9,535)	12,303
Appropriation to statutory reserve		—	—	—	—	4,322	(4,322)	—	—	—
Equity-settled share-based transactions	28	—	—	4,932	903	—	—	5,835	—	5,835
Dividends declared to equity shareholders		—	—	—	—	—	(20,000)	(20,000)	—	(20,000)
Balance at 31 December 2022		90,000	384,240	(7,790)	2,118	39,801	301,315	809,684	(27,863)	781,821

		Attributable to equity shareholders of the Company									
	Note	Share capital	Capital reserve	Other reserves	Share-based payment reserve	Shares held for incentive scheme	Statutory reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 30(c)	*Note 30(d)(i)*	*Note 30(d)(iii)*	*Note 30(d)(iv)*		*Note 30(d)(ii)*				
Balance at 1 January 2023		90,000	384,240	(7,790)	2,118	—	39,801	301,315	809,684	(27,863)	781,821
Changes in equity for 2023:											
Profit and total comprehensive income for the year		—	—	—	—	—	—	91,876	91,876	(4,846)	87,030
Capital injection from equity shareholders	*30(c)(i)*	1,010	14,640	—	—	—	—	—	15,650	—	15,650
Capital injection from non-controlling interests of a subsidiary		—	—	—	—	—	—	—	—	400	400
Appropriation to statutory reserves		—	—	—	—	—	6,573	(6,573)	—	—	—
Equity-settled share-based transactions	*28*	—	—	(12,213)	(44)	(1,010)	—	—	(13,267)	—	(13,267)
Acquisition of additional interests in subsidiaries		—	—	(59,544)	—	—	—	—	(59,544)	32,962	(26,582)
Dividends to non-controlling interests of subsidiaries		—	—	—	—	—	—	—	—	(609)	(609)
Balance at 31 December 2023		91,010	398,880	(79,547)	2,074	(1,010)	46,374	386,618	844,399	44	844,443

	Note	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserves	Share-based payment reserve	Share held for incentive scheme	Statutory reserves	Retained earnings	Total		
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note 30(c)	*Note 30(d)(i)*	*Note 30(d)(iii)*	*Note 30(d)(iv)*		*Note 30(d)(ii)*				
Balance at 1 January 2024		91,010	398,880	(79,547)	2,074	(1,010)	46,374	386,618	844,399	44	844,443
Changes in equity for 2024:											
Profit and total comprehensive income for the year		—	—	—	—	—	—	90,093	90,093	(3,384)	86,709
Dividends declared to equity shareholders		—	—	—	—	—	—	(20,000)	(20,000)	—	(20,000)
Capital injection from non-controlling interests of a subsidiary		—	—	—	—	—	—	—	—	979	979
Capital reduction by non-controlling interests of a subsidiary		—	—	—	—	—	—	—	—	(400)	(400)
Equity-settled share-based transactions	*28*	—	—	1,633	3,345	—	—	—	4,978	—	4,978
Balance at 31 December 2024		91,010	398,880	(77,914)	5,419	(1,010)	46,374	456,711	919,470	(2,761)	916,709

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash generated from operations	*23(b)*	10,887	198,267	77,982
Income tax paid		(16,516)	(16,242)	(11,561)
Net cash (used in)/generated from operating activities		(5,629)	182,025	66,421
Investing activities				
Payment for purchase of property, plant and equipment		(42,383)	(57,636)	(49,359)
Proceeds from disposal of property, plant and equipment		4,351	9,978	3,143
Placement of structured deposits		—	(90,000)	(210,000)
Maturity of structured deposits		—	90,436	211,409
Maturity of fixed deposits with banks with original maturity over three months		—	31,000	—
Interest received		1,491	5,182	1,520
Payment for purchase of leasehold land		—	(9,476)	(12,113)
Investments in associates	*23(d)*	(300)	(660)	—
Proceeds from disposal of an associate		2,500	—	—
Net cash used in investing activities		(34,341)	(21,176)	(55,400)

	Note	Year ended 31 December		
		2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*
Financing activities				
Capital element of lease rentals paid	*23(c)*	(19,325)	(17,013)	(35,251)
Interest element of lease rentals paid	*23(c)*	(1,674)	(1,372)	(1,283)
Proceeds from bank loans	*23(c)*	65,000	49,500	32,000
Repayments of bank loans	*23(c)*	(8,118)	(108,500)	(12,500)
Interests paid	*23(c)*	(543)	(2,122)	(349)
Capital injections from equity shareholders		—	15,650	—
Capital injections from non-controlling interests of subsidiaries		—	400	979
Capital reduction by non-controlling interests of a subsidiary		—	—	(400)
Acquisition of additional interests in subsidiaries		—	(26,582)	—
Dividends to equity shareholders		(20,000)	—	(20,000)
Dividends to non-controlling interests of subsidiaries		—	(609)	—
Net cash generated from/(used in) financing activities		15,340	(90,648)	(36,804)
Net (decrease)/ increase in cash and cash equivalents		(24,630)	70,201	(25,783)
Cash and cash equivalents at the beginning of the year	*23(a)*	144,818	120,274	190,384
Effect of foreign exchange rate changes		86	(91)	(262)
Cash and cash equivalents at the end of the year	*23(a)*	120,274	190,384	164,339

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of historical financial information

KEYTOP PARKING INC. (廈門科拓通訊技術股份有限公司) (the "Company") was established in the People's Republic of China (the "PRC") on 27 June 2006 as a limited liability company under the Company laws of the PRC. The Company was converted into a joint stock limited liability company on 28 August 2011.

The Company and its subsidiaries (together, "the Group") are principally engaged in providing of smart solutions and smart services to parking facilities and operating of parking facilities.

The financial statements of the Company for the years ended 31 December 2022 and 2023 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC ("PRC GAAP") have been audited by Xiamen Zhongyou Certified Public Accountants Co., Ltd. (廈門中友會計師事務所有限公司). The audited financial statements of the Company for the year ended 31 December 2024 prepared in accordance with PRC GAAP are not yet available at the date of this report.

During the Relevant Periods and as at the date of this report, the Company has direct interests in the following principal subsidiaries since their establishment, which are private companies:

			Proportion of ownership interests		
Company name	**Date and place of establishment and operation**	**Particulars of issued and paid-up capital**	**Held by the Company**	**Held by the subsidiary**	**Principal activities**
Xiamen Keytop Software Research and Development Center Co., Ltd. ("廈門科拓軟件研發中心有限公司") *(notes (a) & (b))*	2 September 2016/PRC	RMB5,000,000	100%	—	Software research and development
Fujian Subo Parking Services Co., Ltd. ("福建速泊停車服務有限公司") *(notes (a) & (b))*	17 December 2018/PRC	RMB50,000,000	100%	—	Parking services
Keytop West Communications Technology Co., Ltd. ("科拓西部通訊技術有限公司") *(notes (a) & (b))*	29 July 2022/PRC	RMB50,000,000	100%	—	Internet of things ("IoT") technology services

Notes:

(a) The official name of this entity is in Chinese. The English translation is for identification purpose only. The company was registered as a limited liability company under the PRC Company Law.

(b) No audited financial statements have been prepared for this entity for the years/period ended 31 December 2022, 2023 and 2024.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"). Further details of the material accounting policy information are set out in note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards throughout the Relevant Periods, except for any new standards or interpretations that are not yet effective for the accounting period beginning 1 January 2024. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning 1 January 2024 are set out in note 35.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 Material accounting policy information

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that structured deposits are measured at fair value through profit or loss.

The Historical Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousands ("RMB'000"), unless otherwise indicated. Most of the companies comprising the Group are operating in Chinese Mainland and their functional currency is RMB, hence, RMB is used as the presentation currency of the Group.

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(j)(ii)).

(d) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

(e) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 2(t)(ii)(c)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Investment property

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are accounted for using the cost model. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life, unless the investment property is classified as held for sale. The estimated useful lives of investment properties are 30 years.

Any gain or loss on disposal of investment properties is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 2(t)(ii)(a).

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 2(j)(ii)):

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

— Properties and buildings	10–30 years
— Operational equipment	5–8 years
— Vehicles	5 years
— Office equipment	3–5 years
— Machinery and other equipment	3–5 years
— Leasehold improvements	The shorter of the lease terms or the estimated useful life of the assets

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(h) Intangible assets (other than goodwill)

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives are as follows:

— Software	2−5 years

The useful life of software was assessed based on the expected service life during which relevant software performs its desired functionality.

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policies applicable to investments in non-equity securities carried at amortised cost (see notes 2(e)(i), 2(t)(ii)(c) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(t)(ii)(a).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables (included in trade and other receivables)

The Group assesses a loss allowance for expected credit losses ("ECLs") on:

— financial assets measured at amortised cost (including cash and cash equivalents, restricted bank deposits, fixed deposits with banks with original maturity over three months and trade and other receivables);

— contract assets (see note 2(l)); and

— lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates if the effect is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables without a significant financing component and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value as follows:

Costs is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(t)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 2(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(t)(i)).

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 2(j)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 2(v).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. The equity amounts are recognised in the share-based payment reserve until the awarded share is vested (when it is transferred to the other reserves account).

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, and the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

When another party is involved in providing products or services to a customer, the Group assesses whether it acts a principal or as an agent. The assessment is based on whether the Group obtains control of the products or services before they are transferred to the customer. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from products or services.

Where the contract contains a financing component which provides a significant financing benefit to the customer, the Group adjusts the promised amount of consideration for the effects of time value of money by using a discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

In addition, the Group has applied the practical expedient for contracts with an original expected duration of one year or less. Consequently, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(a) Revenue from smart solutions business model

The Group sells standardised hardware products to the customers, along with optional value-added services. These services include access to cloud-based software systems which is a "software as a service" (SaaS) arrangement, implementation services and service-type warranty services as part of the smart solutions offered to customers.

The consideration received is allocated to the respective performance obligation with reference to their relative stand-alone selling prices. The stand-alone selling price is determined based on the observable prices of products or services in which the Group sells in separate transactions.

The Group offers an assurance-type warranty for hardware products for 12 to 24 months from the date of sale. A related provision is recognised in accordance with note 2(s).

(i) Sales of hardware products

Revenue for sales of hardware products is recognised when the customer takes possession of and accepts the hardware product.

(ii) SaaS arrangements

Revenue from SaaS arrangements is recognised over time on a straight-line basis throughout the expected service period, during which the customers are expected to use and benefit from the Group's cloud-based software systems (which is typically 5 years).

(iii) Implementation services

Revenue for implementation services is recognised over time based on the cost-to-cost method.

(iv) Service-type warranty services

Revenue from the service-type warranty service is recognised over time on a straight-line basis over the warranty period.

(b) Revenue from smart services business model

The Group provides smart services to owners and/or operators of the parking facilities to support their operations. These smart services are delivered through the Group's proprietary cloud-based software systems and hardware facilities. Revenue is recognised over time on a straight-line basis throughout the service period.

(c) Revenue from parking services

The Group operates certain parking facilities and directly provides parking services to car drivers. Revenue from parking services is recognised over time as the parking service is provided.

(d) Revenue from other services

Other services include considerations received for online and offline advertising services and provision of fee collection services. Revenue is recognised when the service is delivered.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(c) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(d) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are initially recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(v) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Accounting judgements and estimates

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(i) Determining the lease term

As explained in policy note 2(i), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(ii) Value added tax (the "VAT") and income tax

The Group mainly generates revenue from provision of smart solutions and smart services to parking facilities and operation of parking facilities in Chinese Mainland during the years ended 31 December 2022, 2023 and 2024. The Group is subject to VAT and income tax in Chinese Mainland. Evaluation of relevant tax positions of the Group involves judgment as to the interpretation and application of the relevant tax laws. The Group has exercised the best judgement of its tax obligations based on current facts and circumstances.

(b) Sources of estimation uncertainty

Note 28 contains information about the assumptions relating to fair value of the granted effective equity interest of the Company. Other significant sources of estimation uncertainty except for impairment of investment properties and other non-current assets as mentioned in note 12 and note 16 respectively, are as follows:

(i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives and residual values of the assets regularly in order to determine the amount of depreciation expenses. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(ii) Expected credit losses for trade receivables and contract assets

The credit losses for trade receivables and contract assets are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which are based on the Group's past collection history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see note 31(a). Changes in these assumptions and estimates could materially affect the result of the assessment and the Group may be necessary to make additional loss allowances in future periods.

(iii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of businesses, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. It could change significantly as a result of changes in customer preferences and competitor actions in response to severe industry cycles. Management reassesses these estimates at the end of each reporting period.

(iv) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses and other deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the relevant assets and liabilities, using tax rates enacted or substantively enacted at the end of each reporting date. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgement. Any change in such assumptions and judgement would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future periods.

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are the provision of smart solutions and smart services to parking facilities and operation of parking facilities. Further details regarding the Group's principal activities are disclosed in note 4(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by products or service lines is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
Disaggregated by major products or service lines			
Revenue from smart solutions			
— Sales of hardware products	282,414	320,666	289,383
— Implementation services	96,591	112,624	159,278
— SaaS arrangements	779	2,840	4,479
— Service-type warranty services	11,075	16,438	25,736
	390,859	452,568	478,876
Revenue from smart services	174,339	186,853	194,726
Revenue from smart operations			
— Revenue from parking services	23,058	21,081	24,909
— Revenue from other services	59,306	75,792	99,318
	82,364	96,873	124,227
Revenue from other sources			
Gross rentals from investment properties			
— Lease payments that are fixed or depend on an index or a rate	1,668	1,721	1,682
Total	649,230	738,015	799,511

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii) respectively.

The Group's customer base is diversified and decentralised and the Group does not have any single customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2022, 2023 and 2024.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2022, 2023 and 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are RMB519,098,000, RMB441,741,000 and RMB409,384,000, respectively. These amounts represent revenue expected to be recognised in the future from smart services contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when the services are provided, which is expected to occur over the next 12 to 60 months.

The Group has applied the practical expedient in paragraph 121(a) of IFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by service lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Smart solutions: this segment is engaged in providing integrated smart solutions to customers;

— Smart services: this segment is engaged in providing integrated operating support services to customers;

— Smart operations: this segment is engaged in operating parking facilities and rendering services to individual parking customers, including online and offline advertising services and provision of collection services; and

— Others: this segment mainly engaged in provision of rental services.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and direct expenses incurred by those segments respectively. The measure used for reporting segment result is gross profit which is calculated based on revenue less cost of sales for the relevant segment. No inter-segment sales have occurred during the years ended 31 December 2022, 2023 and 2024. Assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The Group's other operating income and expenses, such as other net income, selling expenses, administrative expenses, research and development expenses, impairment loss on investment properties, impairment loss on other non-current assets, impairment loss on trade receivables and contract assets, reversal of impairment loss/(impairment loss) on bill receivables and other receivables, finance costs, share of net (losses)/profits of associates and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, other operating income and expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022, 2023 and 2024 is set out below.

	Year ended 31 December 2022				
	Smart solutions	**Smart services**	**Smart operations**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition					
— Over time	108,445	174,339	53,106	1,668	337,558
— Point in time	282,414	—	29,258	—	311,672
Reportable segment revenue	390,859	174,339	82,364	1,668	649,230
Reportable segment profit	145,393	95,449	37,600	1,163	279,605

	Year ended 31 December 2023				
	Smart solutions	**Smart services**	**Smart operations**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition					
— Over time	131,902	186,853	66,170	1,721	386,646
— Point in time	320,666	—	30,703	—	351,369
Reportable segment revenue	452,568	186,853	96,873	1,721	738,015
Reportable segment profit	189,049	108,153	44,312	1,206	342,720

	Year ended 31 December 2024				
	Smart solutions	Smart services	Smart operations	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition					
— Over time	189,493	194,726	84,650	1,682	470,551
— Point in time	289,383	—	39,577	—	328,960
Reportable segment revenue	478,876	194,726	124,227	1,682	799,511
Reportable segment profit	204,640	106,355	54,768	1,172	366,935

(ii) Reconciliations of reportable segment profit or loss

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Reportable segment profit	279,605	342,720	366,935
Other net income	26,351	39,783	19,494
Selling expenses	(139,043)	(154,136)	(159,509)
Administrative expenses	(69,767)	(63,632)	(65,237)
Research and development expenses	(44,448)	(42,613)	(45,029)
Impairment loss on investment properties	(4,195)	(3,236)	(884)
Impairment loss on trade receivables and contract assets	(19,064)	(12,362)	(9,588)
Reversal of impairment loss/(impairment loss) on bill receivables and other receivables	827	(191)	(3,025)
Impairment loss on other non-current assets	(9,742)	(924)	(867)
Finance costs	(2,266)	(3,451)	(1,629)
Share of net (losses)/profits of associates	(98)	271	(1,761)
Consolidated profit before taxation	18,160	102,229	98,900

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, right-of-use assets, property, plant and equipment, intangible assets, other non-current assets and interests in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, investment properties, right-of-use assets and other non-current assets, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in associates.

	Revenue from external customers			**Specified non-current assets**		
	2022	**2023**	**2024**	**2022**	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chinese Mainland	634,970	730,983	733,915	276,325	276,164	324,217
Hong Kong	2,584	1,250	52,292	—	—	336
Others	11,676	5,782	13,304	—	—	—
Total	649,230	738,015	799,511	276,325	276,164	324,553

The analysis above includes property rental income from external customers in Chinese Mainland of RMB1,668,000, RMB1,721,000 and RMB1,682,000 for the years ended 31 December 2022, 2023 and 2024 respectively.

5 Other net income

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(note (i))*	20,690	18,332	13,405
Net foreign exchange gain/(loss)	86	(91)	(262)
Net fair value changes on structured deposits	—	436	1,409
Interest income	3,685	3,098	3,432
Net gain on disposal of property, plant and equipment	1,525	3,718	2,032
Net gain on disposal of an associate	1,048	—	—
Net gain on early termination of a parking facility operation contract	—	14,230	—
Others	(683)	60	(522)
	26,351	39,783	19,494

Note:

(i) Government grants were received from several government authorities to support the business and research and development activity of the Group or in recognition of the Group's contribution towards the local economies.

6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans *(note 23(c))*	592	2,079	346
Interest on lease liabilities *(note 23(c))*	1,674	1,372	1,283
	2,266	3,451	1,629

(b) Staff costs

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	254,236	266,624	275,591
Equity-settled share-based payment expenses *(note 28)*	5,835	2,383	4,978
Contributions to defined contribution retirement plan	16,666	17,205	18,350
	276,737	286,212	298,919

(c) Other items

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge#			
— owned property, plant and equipment *(note 11)*	50,621	58,309	57,382
— investment properties *(note 12)*	522	675	992
— right-of-use assets *(note 13)*	22,979	19,620	23,147
Impairment losses on non-financial assets			
— investment properties	4,195	3,236	884
— other non-current assets	9,742	924	867
Impairment losses/(reversal) on financial assets			
— trade receivables and contract assets	19,064	12,362	9,588
— bill receivables and other receivables	(827)	191	3,025
Amortisation of intangible assets *(note 14)*	215	146	144
Auditors' remuneration	4,566	1,161	1,797
Rentals income from investment properties less direct outgoings of RMB505,000, RMB515,000 and RMB584,000 for the years ended 31 December 2022, 2023 and 2024 respectively	(1,163)	(1,206)	(1,098)
Cost of inventories# *(note 18(a))*	157,053	169,034	164,424

Cost of inventories includes costs relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses for the years ended 31 December 2022, 2023 and 2024, respectively.

7 Income tax in the consolidated statements of profit or loss and other comprehensive income

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Income Tax ("PRC CIT") and income taxes of other taxation jurisditions			
Provision for the year	16,017	17,488	9,104
Deferred tax			
Origination and reversal of temporary differences *(note 29(b))*	(10,160)	(2,289)	3,087
	5,857	15,199	12,191

(i) In accordance with relevant rules and regulations of PRC CIT in Chinese Mainland, the Company and Xiamen Ketuo Software Research and Development Center Co., Ltd. were qualified as High and New Technology Enterprise ("HNTE") and were entitled to a preferential income tax rate of 15% for the years ended 31 December 2022, 2023 and 2024.

According to the PRC Corporate Income Tax Law and its implementation regulations, certain subsidiaries of the Group were qualified as "Small Low-profit Enterprise" and enjoyed a reduced corporate income tax rate of 20% and a 75% deduction of annual assessable profits for the years ended 31 December 2022, 2023 and 2024.

All of the other Chinese Mainland subsidiaries of the Group are subject to CIT at a statutory rate of 25% for the years ended 31 December 2022, 2023 and 2024.

(ii) According to the relevant tax rules in Chinese Mainland, qualified research and development expenses are allowed for bonus deduction for income tax purpose, as a result, an additional 100%, 100% and 100% of the qualified research and development expenses could be deemed as deductible expenses for the years ended 31 December 2022, 2023 and 2024.

(iii) According to the two-tiered profits tax rate regime introduced under the Inland Revenue (Amendment) (No. 3) Ordinance 2018 (the "Ordinance"), the first HK$2 million of assessable profits earned by a company will be taxed at 8.25% whilst the remaining assessable profits will continue to be taxed at 16.5%. There is an anti-fragmentation measure where each group will have to nominate only one company in the group to benefit from the progressive rates. The Ordinance was first effective from the year of assessment 2018/2019.

Accordingly, the provision for Hong Kong Profits Tax for one subsidiary of the Company is calculated in accordance with the two-tiered profits tax rate regime, under which Profits Tax for the first HK$2 million of assessable profits is calculated at 8.25% while the remaining is calculated at 16.5%.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit before taxation	18,160	102,229	98,900
Notional tax on profit before taxation, calculated at the applicable rates in the jurisdictions concerned	4,539	25,605	24,441
Statutory tax concession	5,180	(7,338)	(7,710)
Tax effect of non-deductible expenses	2,119	2,523	2,680
Tax effect of non-taxable income	(142)	(107)	—
Tax effect of deductible temporary differences or unused tax losses not recognised	882	1,998	—
Utilisation of previously unrecognised tax losses or other temporary differences	—	(541)	(351)
Tax effect of additional deduction for qualified research and development expenses	(6,822)	(5,442)	(6,124)
Effect of change of tax rate on deferred tax balances	—	(1,499)	(745)
Others	101	—	—
Actual tax expense	5,857	15,199	12,191

8 Directors' and supervisors' emoluments

Directors' and supervisors' emoluments during the years ended 31 December 2022, 2023 and 2024 are as follows:

	Year ended 31 December 2022						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments *(note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Sun Longxi	—	451	38	42	531	—	531
Mr. Huang Jinlian	—	—	—	—	—	—	—
Non-executive director							
Mr. Ye Hua	—	—	—	—	—	—	—
Independent non-executive directors							
Dr. Li Xiaolin	48	—	—	—	48	—	48
Dr. Su Xinlong	48	—	—	—	48	—	48
Supervisors							
Mr. Guo Yuehua	—	270	21	19	310	—	310
Mr. Ge Dewu	—	320	25	29	374	139	513
Mr. Chen Xiaoqiang	—	79	5	14	98	—	98
	96	1,120	89	104	1,409	139	1,548

	Year ended 31 December 2023						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments *(note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Sun Longxi	—	460	40	32	532	—	532
Mr. Huang Jinlian	—	—	—	—	—	—	—
Non-executive director							
Mr. Ye Hua	—	—	—	—	—	—	—
Independent non-executive directors							
Dr. Li Xiaolin	48	—	—	—	48	—	48
Dr. Su Xinlong	48	—	—	—	48	—	48
Supervisors							
Mr. Guo Yuehua	—	282	30	20	332	—	332
Mr. Ge Dewu	—	324	24	32	380	—	380
Mr. Chen Xiaoqiang	—	106	7	20	133	—	133
	96	1,176	101	104	1,473	—	1,473

	Year ended 31 December 2024						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-total	Equity-settled share-based payments *(note)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors							
Mr. Sun Longxi	—	459	40	33	532	—	532
Mr. Huang Jinlian	—	—	—	—	—	—	—
Non-executive director							
Mr. Ye Hua	—	—	—	—	—	—	—
Independent non-executive directors							
Dr. Li Xiaolin	48	—	—	—	48	—	48
Dr. Su Xinlong	48	—	—	—	48	—	48
Supervisors							
Mr. Guo Yuehua	—	285	36	21	342	—	342
Mr. Ge Dewu	—	324	34	33	391	—	391
Mr. Chen Xiaoqiang	—	108	12	21	141	—	141
	96	1,172	122	108	1,502	—	1,502

Note: These represent the estimated value of shares granted to the directors and supervisors under the Group's share award scheme. The value of these share awards is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of shares granted, are disclosed in note 28.

Further to the implementation of the Company Law of the PRC (Revised in 2023), position of supervisor is no longer required for the Company. On 11 April 2025, pursuant to resolutions of shareholders of the Company, the board of supervisors was abolished according to the company Law of the People's Republic of China.

During the years ended 31 December 2022, 2023 and 2024, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Individuals with highest emoluments

None of the five individuals with the highest emoluments are directors or supervisors whose emoluments are disclosed in note 8 for the years ended 31 December 2022, 2023 and 2024. The aggregate of the emoluments in respect of five individuals with the highest emoluments for the years ended 31 December 2022, 2023 and 2024 are as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	1,790	2,235	2,260
Equity-settled share-based payment expenses	1,962	1,911	2,554
Retirement scheme contributions	58	102	85
	3,810	4,248	4,899

The emoluments of the above five individuals with the highest emoluments for the years ended 31 December 2022, 2023 and 2024 are within the following bands:

	Year ended 31 December		
	2022	**2023**	**2024**
	Number of individuals	*Number of individuals*	*Number of individuals*
Nil–HK$1,000,000	3	4	2
HK$1,000,001–HK$1,500,000	2	1	2
HK$1,500,001–HK$2,000,000	—	—	1

10 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share during the years ended 31 December 2022, 2023 and 2024 is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue for the respective year. The profit attributable to unvested ordinary shares held for employee incentive scheme with employees (see note 28) and the number of such shares have been excluded from the calculation of basic earnings per share.

(i) Profit attributable to ordinary equity shareholders of the Company

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year attributable to all ordinary equity shareholders of the Company	21,838	91,876	90,093
Allocation of profit for the year attributable to unvested shares held for employee incentive scheme *(note 28)*	—	(762)	(1,000)
Profit for the year attributable to ordinary equity shareholders of the Company for the purpose of calculating EPS	21,838	91,114	89,093

(ii) Weighted average number of ordinary shares

	Year ended 31 December		
	2022	**2023**	**2024**
	'000	*'000*	*'000*
Ordinary shares in issue at 1 January	90,000	90,000	91,010
Effect of issuance of new shares	—	753	—
Effect of unvested shares held for employee incentive scheme *(note 28)*	—	(753)	(1,010)
Weighted average number of ordinary shares at 31 December	90,000	90,000	90,000

(b) Diluted earnings per share

For the year ended 31 December 2022, there were no dilutive potential ordinary shares, and therefore the amounts of diluted earnings per share were the same as basic earnings per share for the year.

For the year ended 31 December 2023 and 2024, the effects of unvested ordinary shares held for employee incentive scheme with employees were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company did not have other potential ordinary shares and therefore the amounts of diluted earnings per share were the same as basic earnings per share for both years.

11 Property, plant and equipment

The Group

	Properties and buildings	Operational equipment	Vehicles	Office equipment	Machinery and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At 1 January 2022	86,904	193,369	7,669	10,514	2,185	7,861	5,299	313,801
Additions	—	—	1,227	977	1,316	4,931	33,894	42,345
Transfer from construction in progress	—	31,304	—	—	—	1,656	(32,960)	—
Disposals	—	(9,313)	(365)	(164)	(446)	—	(41)	(10,329)
At 31 December 2022 and 1 January 2023	86,904	215,360	8,531	11,327	3,055	14,448	6,192	345,817
Additions	—	—	1,881	1,236	1,086	6,788	46,527	57,518
Transfer from construction in progress	—	41,353	—	—	—	6,493	(47,846)	—
Disposals	—	(23,771)	(334)	(844)	(85)	—	(181)	(25,215)
At 31 December 2023 and 1 January 2024	86,904	232,942	10,078	11,719	4,056	27,729	4,692	378,120
Additions	—	—	928	593	577	1,260	45,933	49,291
Transfer from construction in progress	—	33,510	—	—	—	—	(33,510)	—
Disposals	—	(35,147)	(920)	(365)	(11)	—	(60)	(36,503)
At 31 December 2024	86,904	231,305	10,086	11,947	4,622	28,989	17,055	390,908
Accumulated depreciation:								
At 1 January 2022	12,759	75,308	4,114	7,567	1,429	4,474	—	105,651
Charge for the year	3,007	41,944	919	1,495	358	2,898	—	50,621
Written back on disposals	—	(7,177)	(172)	(146)	(8)	—	—	(7,503)
At 31 December 2022 and 1 January 2023	15,766	110,075	4,861	8,916	1,779	7,372	—	148,769
Charge for the year	2,917	46,389	1,317	1,268	505	5,913	—	58,309
Written back on disposals	—	(17,811)	(317)	(804)	(23)	—	—	(18,955)
At 31 December 2023 and 1 January 2024	18,683	138,653	5,861	9,380	2,261	13,285	—	188,123
Charge for the year	2,924	46,286	1,246	1,132	600	5,194	—	57,382
Written back on disposals	—	(34,166)	(870)	(346)	(10)	—	—	(35,392)
At 31 December 2024	21,607	150,773	6,237	10,166	2,851	18,479	—	210,113
Net book value:								
At 31 December 2022	71,138	105,285	3,670	2,411	1,276	7,076	6,192	197,048
At 31 December 2023	68,221	94,289	4,217	2,339	1,795	14,444	4,692	189,997
At 31 December 2024	65,297	80,532	3,849	1,781	1,771	10,510	17,055	180,795

As at 31 December 2022, 2023 and 2024, property, plant and equipment of the Group with carrying amount of RMB71,138,000, RMB68,221,000 and RMB65,297,000 respectively were pledged as collateral for the Group's bank facilities.

The Company

	Properties and buildings	Operational equipment	Vehicles	Office equipment	Machinery and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:								
At 1 January 2022	83,987	10,192	5,275	7,776	1,609	5,824	313	114,976
Additions	—	848	500	522	1,125	1,688	16,291	20,974
Transfer from construction in progress	—	12,943	—	—	—	—	(12,943)	—
Disposals	—	(1,254)	(144)	(62)	(441)	—	(2)	(1,903)
At 31 December 2022 and 1 January 2023	83,987	22,729	5,631	8,236	2,293	7,512	3,659	134,047
Additions	—	15,100	—	883	749	1,462	32,704	50,898
Transfer from construction in progress	—	33,581	—	—	—	—	(33,581)	—
Disposals	—	(14,238)	(270)	(648)	(25)	—	(88)	(15,269)
At 31 December 2023 and 1 January 2024	83,987	57,172	5,361	8,471	3,017	8,974	2,694	169,676
Additions	—	8,287	—	409	544	315	33,358	42,913
Transfer from construction in progress	—	32,412	—	—	—	—	(32,412)	—
Disposals	—	(3,371)	(1,004)	(173)	—	—	(14)	(4,562)
At 31 December 2024	83,987	94,500	4,357	8,707	3,561	9,289	3,626	208,027
Accumulated depreciation:								
At 1 January 2022	12,436	5,557	2,837	5,772	1,202	3,959	—	31,763
Charge for the year	2,914	3,640	650	980	200	1,403	—	9,787
Written back on disposals	—	(1,222)	(136)	(56)	(4)	—	—	(1,418)
At 31 December 2022 and 1 January 2023	15,350	7,975	3,351	6,696	1,398	5,362	—	40,132
Charge for the year	2,833	18,735	711	815	322	1,535	—	24,951
Written back on disposals	—	(10,134)	(256)	(620)	(21)	—	—	(11,031)
At 31 December 2023 and 1 January 2024	18,183	16,576	3,806	6,891	1,699	6,897	—	54,052
Charge for the year	2,833	22,702	488	753	421	1,159	—	28,356
Written back on disposals	—	(3,282)	(665)	(164)	—	—	—	(4,111)
At 31 December 2024	21,016	35,996	3,629	7,480	2,120	8,056	—	78,297
Net book value:								
At 31 December 2022	68,637	14,754	2,280	1,540	895	2,150	3,659	93,915
At 31 December 2023	65,804	40,596	1,555	1,580	1,318	2,077	2,694	115,624
At 31 December 2024	62,971	58,504	728	1,227	1,441	1,233	3,626	129,730

As at 31 December 2022, 2023 and 2024, property, plant and equipment of the Company with carrying amount of RMB68,637,000, RMB65,804,000 and RMB62,971,000 respectively were pledged as collateral for the Company's bank facilities.

12 Investment properties

The Group

	RMB'000
Cost:	
At 1 January 2022	12,895
Additions	7,209
At 31 December 2022	20,104
Additions	14,929
At 31 December 2023	35,033
Additions	2,632
At 31 December 2024	37,665
Accumulated depreciation:	
At 1 January 2022	3,931
Charge for the year	522
At 31 December 2022 and 1 January 2023	4,453
Charge for the year	675
At 31 December 2023 and 1 January 2024	5,128
Charge for the year	992
At 31 December 2024	6,120
Impairment:	
At 1 January 2022	711
Charge for the year	4,195
At 31 December 2022 and 1 January 2023	4,906
Charge for the year	3,236
At 31 December 2023 and 1 January 2024	8,142
Charge for the year	884
At 31 December 2024	9,026
Net book value:	
At 31 December 2022	10,745
At 31 December 2023	21,763
At 31 December 2024	22,519

As at 31 December 2022, 2023 and 2024, investment properties of the Group with carrying amount of RMB7,467,000, RMB7,044,000 and RMB6,578,000 respectively were pledged as collateral for the Group's bank facilities.

The Company

	RMB'000
Cost:	
At 1 January 2022	15,811
Additions	7,209
At 31 December 2022	23,020
Additions	14,877
At 31 December 2023	37,897
Additions	2,631
At 31 December 2024	40,528
Accumulated depreciation:	
At 1 January 2022	4,254
Charge for the year	614
At 31 December 2022 and 1 January 2023	4,868
Charge for the year	758
At 31 December 2023 and 1 January 2024	5,626
Charge for the year	1,082
At 31 December 2024	6,708
Impairment:	
At 1 January 2022	711
Charge for the year	4,195
At 31 December 2022 and 1 January 2023	4,906
Charge for the year	3,236
At 31 December 2023 and 1 January 2024	8,142
Charge for the year	884
At 31 December 2024	9,026
Net book value:	
At 31 December 2022	13,246
At 31 December 2023	24,129
At 31 December 2024	24,794

As at 31 December 2022, 2023 and 2024, investment properties of the Company with carrying amount of RMB9,968,000, RMB9,410,000 and RMB8,853,000 respectively were pledged as collateral for the Company's bank facilities.

As at 31 December 2022, 2023 and 2024, the fair value of the Group's investment properties was approximately RMB10,753,000, RMB23,429,000 and RMB26,421,000 respectively. This fair value, is determined by the directors of the Company with reference to mainly the valuation performed, using the direct market comparison ("DMC"), by an independent qualified professional valuer. The valuation for investment properties was arrived at by reference to market evidence of transaction prices for similar properties in the same locations and conditions. The fair value of the investment properties disclosed at the end of the reporting period is categorised into Level 3 valuations: Fair value measured using significant unobservable inputs, as defined in IFRS 13, Fair value measurement.

The Group leases out investment property under operating leases. The leases typically run for an initial period of 1 to 8 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at each reporting date will be receivable by the Group in future periods as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,211	2,007	1,402
After 1 year but within 2 years	1,974	787	795
After 2 years but within 3 years	787	361	6
After 3 years but within 4 years	361	—	—
	5,333	3,155	2,203

13 Right-of-use assets

The Group

	Parking facilities	Properties and buildings	Leasehold land	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2022	66,592	26,785	4,440	8,101	105,918
Additions	—	15,933	—	2,710	18,643
Disposals	(26,562)	(10,934)	—	(3,348)	(40,844)
At 31 December 2022 and 1 January 2023	40,030	31,784	4,440	7,463	83,717
Additions	442	11,949	9,476	361	22,228
Disposals	(35)	(9,367)	—	(2,398)	(11,800)
At 31 December 2023 and 1 January 2024	40,437	34,366	13,916	5,426	94,145
Additions	62,911	13,785	12,113	51	88,860
Disposals	(13,998)	(14,718)	—	(4,885)	(33,601)
At 31 December 2024	89,350	33,433	26,029	592	149,404
Accumulated depreciation:					
At 1 January 2022	26,217	13,599	540	5,709	46,065
Charge for the year	10,452	10,643	89	1,795	22,979
Written back on disposals	(18,451)	(10,894)	—	(2,186)	(31,531)
At 31 December 2022 and 1 January 2023	18,218	13,348	629	5,318	37,513
Charge for the year	7,581	10,845	120	1,074	19,620
Written back on disposals	—	(8,583)	—	(1,779)	(10,362)
At 31 December 2023 and 1 January 2024	25,799	15,610	749	4,613	46,771
Charge for the year	11,566	10,899	415	267	23,147
Written back on disposals	(8,969)	(11,440)	—	(4,379)	(24,788)
At 31 December 2024	28,396	15,069	1,164	501	45,130
Net book value:					
At 31 December 2022	21,812	18,436	3,811	2,145	46,204
At 31 December 2023	14,638	18,756	13,167	813	47,374
At 31 December 2024	60,954	18,364	24,865	91	104,274

The Company

	Parking facilities	Properties and buildings	Leasehold land	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2022	—	3,715	4,440	3,778	11,933
Additions	—	3,233	—	—	3,233
Disposals	—	(1,356)	—	—	(1,356)
At 31 December 2022 and 1 January 2023	—	5,592	4,440	3,778	13,810
Additions	442	4,791	—	12	5,245
Disposals	—	(2,627)	—	—	(2,627)
At 31 December 2023 and 1 January 2024	442	7,756	4,440	3,790	16,428
Additions	—	7,368	—	31	7,399
Disposals	—	(5,427)	—	(3,619)	(9,046)
At 31 December 2024	442	9,697	4,440	202	14,781
Accumulated depreciation:					
At 1 January 2022	—	1,560	540	3,028	5,128
Charge for the year	—	2,128	89	345	2,562
Written back on disposals	—	(1,210)	—	—	(1,210)
At 31 December 2022 and 1 January 2023	—	2,478	629	3,373	6,480
Charge for the year	63	3,039	89	346	3,537
Written back on disposals	—	(2,464)	—	—	(2,464)
At 31 December 2023 and 1 January 2024	63	3,053	718	3,719	7,553
Charge for the year	89	3,047	89	63	3,288
Written back on disposals	—	(3,385)	—	(3,619)	(7,004)
At 31 December 2024	152	2,715	807	163	3,837
Net book value:					
At 31 December 2022	—	3,114	3,811	405	7,330
At 31 December 2023	379	4,703	3,722	71	8,875
At 31 December 2024	290	6,982	3,633	39	10,944

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets *(note 6(c))*	22,979	19,620	23,147
Interests on lease liabilities *(note 6(a))*	1,674	1,372	1,283
Expense relating to short-term leases	1,064	3,331	3,215
COVID-19-related rent concessions received	238	238	—
Variable lease payments not included in the measurement of lease liabilities	3,515	2,824	1,988

During the years ended 31 December 2022, 2023 and 2024, additions to right-of-use assets primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in note 23(d) and note 25 respectively.

(i) Ownership interests in leasehold land

The Group holds several buildings where its manufacturing facilities and administrative offices are primarily located. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease. The remaining lease teams were between 48 and 50 years as at 31 December 2022, 2023 and 2024.

(ii) Other properties leased for own use

The Group has obtained the right to use parking facilities and other properties as administrative offices through tenancy agreements. The leases typically run for an initial period of 1 to 10 years. Lease payments are usually increased every year to reflect market rentals. Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

The Group leased a number of parking facilities which contain variable lease payment terms that are based on sales generated from the parking facilities and minimum annual lease payment terms that are fixed. These payment terms are common in parking facilities in Chinese Mainland where the Group operates. The amount of fixed and variable lease payments for the years ended 31 December 2022, 2023 and 2024 is summarised below:

	Year ended 31 December 2022		
	Fixed payments	Variable payments	Total payments
	RMB'000	*RMB'000*	*RMB'000*
Parking facilities	8,638	3,515	12,153

	Year ended 31 December 2023		
	Fixed payments	Variable payments	Total payments
	RMB'000	*RMB'000*	*RMB'000*
Parking facilities	6,305	2,824	9,129

	Year ended 31 December 2024		
	Fixed payments	Variable payments	Total payments
	RMB'000	*RMB'000*	*RMB'000*
Parking facilities	25,423	1,988	27,411

At 31 December 2022, 2023 and 2024, it is estimated that an increase in sales generated from these parking facilities by 5% would have increased the lease payments by RMB210,000, RMB204,000, and RMB162,000, respectively.

14 Intangible assets

The Group and the Company

	Software
	RMB'000
Cost:	
At 1 January 2022	1,415
Additions	38
At 31 December 2022 and 1 January 2023	1,453
Additions	118
At 31 December 2023 and 1 January 2024	1,571
Additions	68
At 31 December 2024	1,639
Accumulated amortisation:	
At 1 January 2022	815
Charge for the year	215
At 31 December 2022 and 1 January 2023	1,030
Charge for the year	146
At 31 December 2023 and 1 January 2024	1,176
Charge for the year	144
At 31 December 2024	1,320
Net book value:	
At 31 December 2022	423
At 31 December 2023	395
At 31 December 2024	319

The amortisation charge for the years ended 31 December 2022, 2023 and 2024 is included in administrative expenses in the consolidated statements of profit or loss and other comprehensive income.

15 Investment in subsidiaries

The carrying amounts of investment in subsidiaries of the Company is listed below:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries	121,390	186,557	193,597

Further details of the principal subsidiaries of the Group are set out in note 1.

The subsidiaries of the Group do not have material non-controlling interest. For the year ended 31 December 2023, the Group acquired additional interests of nine subsidiaries from non-controlling shareholders at total consideration of RMB26,582,000.

16 Other non-current assets

Other non-current assets mainly represent interest in certain properties before property ownership certificate is obtained, which arose from settlements by the Group's customers.

As at 31 December 2022, 2023 and 2024, due to the decreasing market price of properties, the Group assessed the recoverable amounts of these properties and as a result the carrying amounts of other non-current assets were written down to their recoverable amount of RMB12,363,000, RMB5,997,000 and RMB6,710,000 respectively and an impairment loss of RMB9,742,000, RMB924,000 and RMB867,000 was recognised in the consolidated statements of profit or loss and other comprehensive income respectively. The estimates of recoverable amount were based on the underlying properties' or parking spaces' fair values less costs of disposal, using market comparison approach by reference to recent sales price of similar assets.

17 Interests in associates

The following list contains only the particulars of the material associate, which is an unlisted corporate entity, whose quoted market price is not available:

Name of associates	Form of business structure	Place of establishment and business	Particulars of issued and paid-up capital	Proportion of ownership interests held by the Company: As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	Principal activities
Xuzhou Ketuo Parking Operations & Management Company Limited ("Xuzhou Ketuo") (徐州科拓停車管理服務有限公司") *(Note (i))*	Limited liabilities company	Chinese Mainland	RMB20,000,000/ RMB20,000,000	49.00%	49.00%	49.00%	On-street Parking Management

Note:

(i) The official name of this entity is in Chinese. The English translation is for identification purpose only. The investment in Xuzhou Ketuo enables the Group to have exposure to this market through local expertise.

The above associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Gross amounts of the associate's			
Revenue	2,632	4,191	1,407
Profit/(loss) and total comprehensive income for the year	585	1,487	(3,015)
Current assets	16,597	17,441	16,949
Non-current assets	2,088	2,669	—
Current liabilities	117	55	—
Equity	18,568	20,055	16,949
Reconciled to the Group's interests in the associate			
Gross amount of net assets of the associate	18,568	20,055	16,949
Group's effective interest	49%	49%	49%
Group's share of net assets of the associate	9,098	9,827	8,305
Carrying amount in the consolidated financial statements	9,098	9,827	8,305

Aggregate information of associates that are not individually material:

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amounts of individually immaterial associates in the consolidated financial statements	428	630	392
Aggregate amounts of the Group's share of those associates' (Loss)/profit and total comprehensive income for the year	(385)	(458)	(284)

18 Inventories

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	15,965	17,237	13,072
Finished goods	20,189	18,506	16,993
Work in progress	2,106	1,978	2,833
Goods in transit	16,603	25,219	33,749
	54,863	62,940	66,647

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	11,775	11,838	8,968
Finished goods	13,999	14,528	13,819
Work in progress	2,115	1,574	2,470
Goods in transit	13,321	23,370	32,030
	41,210	51,310	57,287

(a) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	157,115	167,970	164,948
Write down of inventories	1,424	2,035	166
Reversal of write-down of inventories	(1,486)	(971)	(690)
	157,053	169,034	164,424

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain goods as a result of a change in industry trend.

19 Contract assets and contract liabilities

(a) Contract assets

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from performance under smart solutions	63,424	74,977	87,046
Receivables from contracts with customers within the scope of IFRS15 which are included in "Trade and other receivables" *(note 21(a))*	329,309	335,648	314,990

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from performance under smart solutions	48,952	61,802	77,415
Receivables from contracts with customers within the scope of IFRS15 which are included in "Trade and other receivables" *(note 21(a))*	437,507	442,005	446,499

The Group's contracts of smart solutions typically include payment schedules which require payments after the satisfactory inspection of customers. This amount is included in contract assets until the completion of inspection of the Group's customers as the Group's entitlement to this payment is conditional on the Group's work satisfactorily passing its customers' inspection. The Group also typically agrees to a two year retention period for 3% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection.

As at 31 December 2022, 2023 and 2024, the amount of contract assets expected to be recovered after more than one year were RMB4,877,000, RMB3,347,000 and RMB4,055,000, respectively, all of which relates to retentions. All of the other contract assets are expected to be recovered within one year.

(b) Contract liabilities

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
— Smart solutions	36,982	62,374	85,329
— Smart operations	5,925	9,446	12,913
— Smart services	5,443	5,289	6,611
	48,350	77,109	104,853

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
— Smart solutions	31,605	56,810	81,698
— Smart operations	4,710	6,012	6,540
— Smart services	1,081	1,523	2,762
	37,396	64,345	91,000

When the Group receives prepayments from customers before related goods or services are provided, this will give rise to contract liabilities, until the revenue recognised on relevant contracts exceeds the amount of prepayment from customers.

Movements in contract liabilities of the Group

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	26,125	48,350	77,109
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities of the beginning of the year	(17,615)	(22,991)	(37,173)
Increase in contract liabilities as a result of receipts in advance from customers	39,840	51,750	64,917
Balance at the end of the year	48,350	77,109	104,853

The amount of contract liabilities expected to be recognised as income after more than one year are RMB25,358,000, RMB39,936,000, RMB45,159,000 as at 31 December 2022, 2023 and 2024, respectively. All of the other contract liabilities are expected to be recognised as income within one year.

20 Other current assets

Other current assets mainly consist of non-refundable up-front payments to certain customers to which the Group provides parking facilities operation support services. The payments are expected to be recoverable based on the expected future cash flows from the relevant arrangements, and are amortised as a reduction in revenue over the expected service period to which they relate or realised when the related future cash flows occur.

21 Trade and other receivables and prepayments

(a) Trade and other receivables

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Trade receivables			
— third parties	16,713	29,330	42,802
— related parties	31	126	224
	16,744	29,456	43,026
Current			
Trade receivables			
— third parties	294,650	282,545	253,621
— related parties	1,094	7,376	6,982
	295,744	289,921	260,603
Bill receivables	16,821	16,271	11,456
Deposits	4,952	4,141	17,941
VAT recoverable	7,963	8,428	15,065
Other receivables	12,636	14,178	17,653
	354,860	362,395	365,744

As at 31 December 2022, 2023 and 2024, deposits of the Group amounting to RMB2,980,000, RMB712,000 and RMB8,176,000 respectively were expected to be recovered after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Trade receivables			
— third parties	16,713	29,330	42,661
— related parties	31	126	224
	16,744	29,456	42,885
Current			
Trade receivables			
— third parties	191,592	202,296	197,518
— subsidiaries	212,258	193,906	194,633
— other related parties	262	76	102
	404,112	396,278	392,253
Bill receivables	16,651	16,271	11,456
Deposits	3,608	3,347	11,447
VAT recoverable	1,202	15	—
Amounts due from subsidiaries *(note (i))*	229,340	161,909	293,739
Other receivables	5,677	6,825	7,135
	677,334	614,101	758,915

Note:

(i) Amounts due from subsidiaries were non-trade in nature, and were unsecured, interest-free and repayable on demand.

As at 31 December 2022, 2023 and 2024, deposits of the Company amounting to RMB2,377,000, RMB230,000 and RMB6,959,000 respectively were expected to be recovered after more than one year. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of each reporting period, the ageing analysis of trade receivables and bill receivables based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	210,961	228,108	223,084
More than 1 year but within 2 years	82,796	53,231	52,334
More than 2 years but within 3 years	26,167	40,187	18,719
More than 3 years	9,385	14,122	20,948
	329,309	335,648	315,085

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	361,497	367,317	371,567
More than 1 year but within 2 years	57,585	37,961	44,875
More than 2 years but within 3 years	13,430	28,781	14,664
More than 3 years	4,995	7,946	15,488
	437,507	442,005	446,594

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 31(a).

(b) Prepayments

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for：			
— Operating rental expense	332	406	14,601
— Purchase of raw materials	3,002	4,158	7,424
— Others	2,709	8,589	5,313
	6,043	13,153	27,338

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for：			
— Operating rental expense	43	29	855
— Purchase of raw materials	1,761	1,953	6,929
— Others	2,320	7,428	15,983
	4,124	9,410	23,767

22 Restricted bank deposits

Restricted bank deposits mainly represent bank deposits in relation to guarantees for letters of guarantee and bill payables.

23 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	118,918	189,662	163,527
Cash balances with payment platforms	1,356	722	812
	120,274	190,384	164,339

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	31,103	162,110	96,953
Cash balances with payment platforms	964	411	632
	32,067	162,521	97,585

Cash balances with payment platforms represents cash balances kept with third party payment platforms, which can be withdrawn on demand.

As at 31 December 2022, 2023 and 2024, cash at bank balances with aggregate amount of RMB120,274,000, RMB188,114,000 and RMB127,175,000 were placed with banks in Chinese Mainland. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

(b) Reconciliation of profit before taxation to cash generated from operations:

		Year ended 31 December		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Profit before taxation		18,160	102,229	98,900
Adjustments for:				
Depreciation of property, plant and equipment	*6(c)*	50,621	58,309	57,382
Impairment loss on investment properties		4,195	3,236	884
Impairment loss on other non-current assets		9,742	924	867
Amortisation of intangible assets	*6(c)*	215	146	144
Depreciation of investment properties	*6(c)*	522	675	992
Depreciation of right-of-use assets	*6(c)*	22,979	19,620	23,147
Finance costs	*6(a)*	2,266	3,451	1,629
Interest income	*5*	(3,685)	(3,098)	(3,432)
Net fair value changes on structured deposits	*5*	—	(436)	(1,409)
Write down of inventories	*18*	1,424	2,035	166
Reversal of write-down of inventories	*18*	(1,486)	(971)	(690)
Impairment loss on contract assets and trade receivables	*6(c)*	19,064	12,362	9,588
(Reversal of impairment loss)/impairment loss on bill receivables and other receivables	*6(c)*	(827)	191	3,025
Net foreign exchange (gain)/loss	*5*	(86)	91	262
Share of net losses/(profits) of associates		98	(271)	1,761
Net gain on disposal of property, plant and equipment	*5*	(1,525)	(3,718)	(2,032)
Net gain on disposal of an associate	*5*	(1,048)	—	—
Equity-settled share-based payment expenses	*6(b)*	5,835	2,383	4,978
Changes in working capital:				
Increase/(decrease) in inventories		925	(9,141)	(3,183)
Increase in contract assets		(8,517)	(11,553)	(12,069)
Increase in trade and other receivables		(435)	(28,974)	(18,194)
(Increase)/decrease in other current assets		(108,774)	8,675	(106,247)
Decrease/(increase) in prepayments		4,366	(7,110)	(14,186)
(Increase)/decrease in restricted bank balances		(9,910)	(20,456)	8,755
(Decrease)/increase in trade and other payables		(15,457)	40,909	(800)
Increase in contract liabilities		22,225	28,759	27,744
Cash generated from operations		10,887	198,267	77,982

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statements as cash flows from financing activities.

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25)*	
At 1 January 2022	12,123	47,633	59,756
Changes from financing cash flows:			
Proceeds from bank loans	65,000	—	65,000
Repayments of bank loans	(8,118)	—	(8,118)
Interests paid	(543)	—	(543)
Interest element of lease rentals paid	—	(1,674)	(1,674)
Capital element of lease rentals paid	—	(19,325)	(19,325)
Total changes from financing cash flows	56,339	(20,999)	35,340
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	18,642	18,642
Interest expenses *(note 6(a))*	592	1,674	2,266
Decrease in lease liabilities from termination of lease contracts	—	(10,034)	(10,034)
Total other changes	592	10,282	10,874
At 31 December 2022	69,054	36,916	105,970

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25)*	
At 1 January 2023	69,054	36,916	105,970
Changes from financing cash flows:			
Proceeds from bank loans	49,500	—	49,500
Repayments of bank loans	(108,500)	—	(108,500)
Interests paid	(2,122)	—	(2,122)
Interest element of lease rentals paid	—	(1,372)	(1,372)
Capital element of lease rentals paid	—	(17,013)	(17,013)
Total changes from financing cash flows	(61,122)	(18,385)	(79,507)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	12,752	12,752
Interest expenses *(note 6(a))*	2,079	1,372	3,451
Decrease in lease liabilities from termination of lease contracts	—	(1,781)	(1,781)
Total other changes	2,079	12,343	14,422
At 31 December 2023	10,011	30,874	40,885

	Bank loans	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
	(Note 24)	*(Note 25)*	
At 1 January 2024	10,011	30,874	40,885
Changes from financing cash flows:			
Proceeds from bank loans	32,000	—	32,000
Repayments of bank loans	(12,500)	—	(12,500)
Interests paid	(349)	—	(349)
Interest element of lease rentals paid	—	(1,283)	(1,283)
Capital element of lease rentals paid	—	(35,251)	(35,251)
Total changes from financing cash flows	19,151	(36,534)	(17,383)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	76,747	76,747
Interest expenses *(note 6(a))*	346	1,283	1,629
Decrease in lease liabilities from termination of lease contracts	—	(7,686)	(7,686)
Total other changes	346	70,344	70,690
At 31 December 2024	29,508	64,684	94,192

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprise the following, which are related to lease rentals paid:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	1,064	3,331	3,215
Within investing cash flows	—	9,476	12,113
Within financing cash flows	20,999	18,385	36,534
	22,063	31,192	51,862

These amounts related to the following:

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Lease rentals paid	22,063	21,716	39,749
Purchase of leasehold land	—	9,476	12,113
	22,063	31,192	51,862

24 Bank loans

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank loans			
— Secured and guaranteed	30,030	—	22,000
— Unsecured and guaranteed	34,018	5,005	4,505
— Unsecured and unguaranteed	5,006	5,006	3,003
	69,054	10,011	29,508

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank loans			
— Secured and guaranteed	30,030	—	—
— Unsecured and guaranteed	34,018	—	—
— Unsecured and unguaranteed	5,006	—	—
	69,054	—	—

Bank loans bear interest ranging from 3.65% to 4.95% per annum, 3.55% to 4.00% per annum and 3.50% to 3.65% per annum as at 31 December 2022, 2023 and 2024, respectively.

As at 31 December 2022, 2023 and 2024, bank loans of RMB64,048,000, nil and RMB22,000,000 of the Group were guaranteed by Mr. Sun Longxi and Mr. Huang Jinlian (note 33) and their affiliated individuals.

As at 31 December 2022, 2023 and 2024, bank loans of nil, RMB5,005,000 and RMB4,505,000 were guaranteed by Mr. Zheng Wenjie and Mr. Xie Qiming, non-cotrolling interests of one subsidiary of the Company.

As at 31 December 2022, 2023 and 2024, bank loans of RMB30,030,000, nil, and RMB22,000,000 were secured by property, plant and equipment (note 11).

The analysis of the repayment schedule of bank loans is as follows:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	69,054	10,011	29,508

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year or on demand	69,054	—	—

All the above interest-bearing borrowings are carried at amortised cost.

Several banking facilities and borrowings of the Group are subject to the fulfilment of covenants relating to the Company's or certain of the Group's subsidiaries' statement of financial position ratio. If the Group were to breach the covenants, the drawn down facilities would become repayable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b).

25 Lease liabilities

As at 31 December 2022, 2023 and 2024, the lease liabilities were repayable as follows:

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	14,495	15,631	30,693
After 1 year but within 2 years	10,648	7,255	20,960
After 2 years but within 5 years	10,082	7,418	12,228
After 5 years	1,691	570	803
	22,421	15,243	33,991
	36,916	30,874	64,684

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,491	2,962	3,767
After 1 year but within 2 years	669	1,141	1,896
After 2 years but within 5 years	677	741	980
After 5 years	9	2	—
	1,355	1,884	2,876
	2,846	4,846	6,643

26 Trade and other payables

The Group

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
— third parties	68,184	87,140	84,791
— related parties	—	22	87
Salaries and bonus payables	32,628	40,884	47,197
Bill payables	21,578	21,010	20,728
Other payables and accruals	37,293	64,278	59,842
	159,683	213,334	212,645

The Company

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
— third parties	45,479	56,858	51,248
— subsidiaries	7,919	80,075	78,174
— other related parties	—	22	59
Salaries and bonus payables	15,673	18,779	16,946
Bill payables	22,478	21,910	42,562
Amounts due to subsidiaries *(note i)*	80,972	121,129	146,157
Other payables and accruals	29,368	49,599	50,634
	201,889	348,372	385,780

Note:

(i) Amounts due to subsidiaries were non-trade in nature, and were unsecured, interest-free and repayable on demand.

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

As of the end of reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	56,304	76,814	72,633
More than 1 year but within 2 years	6,342	3,861	4,791
More than 2 years but within 3 years	3,374	2,573	2,188
More than 3 years	2,164	3,914	5,266
	68,184	87,362	84,878

The Company

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	43,256	131,542	122,082
More than 1 year but within 2 years	7,072	2,267	3,870
More than 2 years but within 3 years	1,862	1,300	1,053
More than 3 years	1,208	1,846	2,476
	53,398	136,955	129,481

27 Employee retirement benefits

Defined contribution retirement plan

As stipulated by the regulations of the Chinese Mainland, the Group's entities in the Chinese Mainland participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans based on certain percentage of the salaries, bonuses and certain allowances of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the contributions described above.

28 Equity-settled share-based payment transactions

The Group has adopted employee incentive schemes on 1 April 2015 and 20 January 2023, respectively. The purpose of the employee incentive schemes is to provide incentives and rewards to eligible participants for their past and future contributions to the Group. In connection with these employee incentive schemes, several shareholding incentive platforms in form of limited partnership have been established since 13 May 2015 for holding and administrating the Company's shares. As at 31 December 2024, these shareholding incentive platforms held together 4.79% of the equity interest in the Company.

Eligible participants were offered to subscribe partnership interest in the share incentive platforms as the limited partners at a price with reference to issuance price of last transaction of the Company's fund raising activity. All management and voting powers of the share incentive platforms are exercised by the respective general partner according to the partnership agreements, whereas the eligible participants as the limited partners of such share incentive platforms are entitled to the economic interest. Certain subscribed partnership interest are subject to vesting periods of 2 or 3 years. Generally, vested partnership interest can be transferred to other parties under the discretion of the holder, subject to certain restriction terms of the incentive schemes.

	Year ended 31 December		
	2022	2023	2024
Granted effective equity interest of the Company (%)	—	1.11	—

For the years ended 31 December 2022 and 2024, the partnership interest were granted by certain limited partners of these share incentive platforms and no shares were issued by the Company.

	Year ended 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Fair value of the granted effective equity interest of the Company	18,508	20,981	10,741
Total subscription cost of the granted effective interest of the Company	13,021	15,650	7,810

The fair values of the effective equity interest of the Company were measured with reference to the issuance price of a recent transaction of the Company's fund raising activity.

29 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represent:

The Group

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
PRC Corporate Income Tax payable	5,916	7,162	4,183
HK Profit Tax payable	—	—	522
	5,916	7,162	4,705

(b) Deferred tax assets recognised:

(i) Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

Deferred tax assets arising from:	Credit loss allowance	Accumulated tax losses	Unrealised internal transaction profit and loss	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	5,927	12,564	22,548	1,525	42,564
Credited/(charged) to profit or loss	1,987	11,735	(4,837)	1,275	10,160
At 31 December 2022 and 1 January 2023 . .	7,914	24,299	17,711	2,800	52,724
Credited/(charged) to profit or loss	1,503	5,560	(5,956)	1,182	2,289
At 31 December 2023 and 1 January 2024 . .	9,417	29,859	11,755	3,982	55,013
Credited/(charged) to profit or loss	590	529	(4,704)	498	(3,087)
At 31 December 2024	10,007	30,388	7,051	4,480	51,926

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB62,126,000, RMB64,240,000, and RMB64,252,000 as at 31 December 2022 and 2023 and 2024 as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses expire within 5 years under current tax legislation.

30 Capital, reserves and dividends

(a) Movement in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity are set below:

The Company

	Share capital	Capital reserve	Other reserves	Share-based payment reserve	Statutory reserves	Retain earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022	90,000	384,240	13,513	1,215	35,479	317,200	841,647
Changes in equity for 2022:							
Profit and total comprehensive income for the year	—	—	—	—	—	23,133	23,133
Equity-settled share-based transactions	—	—	4,932	903	—	—	5,835
Appropriation to statutory reserves	—	—	—	—	4,322	(4,322)	—
Dividends declared to equity shareholders	—	—	—	—	—	(20,000)	(20,000)
Balance at 31 December 2022	90,000	384,240	18,445	2,118	39,801	316,011	850,615

		Share capital	Capital reserve	Other reserves	Share-based payment reserve	Share held for incentive scheme	Statutory reserves	Retain earnings	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023		90,000	384,240	18,445	2,118	—	39,801	316,011	850,615
Changes in equity for 2023:									
Profit and total comprehensive income for the year		—	—	—	—	—	—	57,979	57,979
Capital injection from equity shareholders	*30(c)(i)*	1,010	14,640	—	—	—	—	—	15,650
Equity-settled share-based transactions		—	—	(12,213)	(44)	(1,010)	—	—	(13,267)
Appropriation to statutory reserves		—	—	—	—	—	6,573	(6,573)	—
Balance at 31 December 2023 and 1 January 2024		91,010	398,880	6,232	2,074	(1,010)	46,374	367,417	910,977
Changes in equity for 2024:									
Profit and total comprehensive income for the year		—	—	—	—	—	—	74,893	74,893
Equity-settled share-based transactions		—	—	1,633	3,345	—	—	—	4,978
Dividends declared to equity shareholders		—	—	—	—	—	—	(20,000)	(20,000)
Balance at 31 December 2024		91,010	398,880	7,865	5,419	(1,010)	46,374	422,310	970,848

(b) Dividends

During the years ended 31 December 2022, 2023 and 2024, the Company declared dividends of RMB20,000,000 (RMB0.22 per share), nil and RMB20,000,000 (RMB0.22 per share), respectively to its equity shareholders.

(c) Share capital

(i) Issued share capital

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	Number of shares	Share capital	Number of shares	Share capital	Number of shares	Share capital
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Ordinary shares, issued and fully paid						
Balance at the beginning of the year	90,000	90,000	90,000	90,000	91,010	91,010
Issuance of new shares	—	—	1,010	1,010	—	—
Balance at the end of the year	90,000	90,000	91,010	91,010	91,010	91,010

In April 2023, pursuant to a resolution of shareholders' meeting, the Company and Xiamen Tuojuxin Enterprise Management Consulting Partnership (Limited Partnership), entered into a capital injection agreement. Xiamen Tuojuxin injected cash of RMB15,650,000 into the Company, and share capital and share premium increased by RMB1,010,000 and RMB14,640,000, respectively. The consideration was fully paid in cash in February 2023.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Capital reserve

Capital reverse mainly represents the difference between the par value of the shares of the Company and consideration for the shares issued.

(ii) Statutory reserves

Pursuant to the Articles of Association of the Company and relevant statutory regulations, appropriations to the statutory reserve fund were made at 10% of profit after tax determined in accordance with accounting rules and regulations of the Chinese Mainland until the reserve balance reaches 50% of the registered capital. This reserve fund can beutilised in setting off accumulated losses or increasing capital of the Company provided that the balance after such conversion is not less than 25% of its registered capital, and is non-distributable other than in liquidation.

The statutory reserves in the consolidated statements of changes in equity represent the Company's statutory reserves.

(iii) Other reserves

Other reserves mainly include difference between consideration paid and for acquisition of non-controlling interests and the acquired portion of carrying amounts of non-controlling interests, share-based payment reserve in connection with vested shares, and the difference between the nominal value and the consideration payable in connection with the shares held for incentive scheme.

(iv) Share-based payment reserve

The share-based payment reserve comprises the portion of difference between the fair value of shares granted and the consideration paid by the directors and employees of the Group that has been recognised in accordance withthe accounting policy adopted for equity settled share-based payments in note 2(q)(ii).

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

31 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and interest rate risks arise in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

The Group operates in Chinese Mainland and most of the Group's monetary assets and liabilities are denominated in RMB. The management considers the Group's exposure to currency risk is insignificant.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets.

The Group's exposure to credit risk arising from cash and cash equivalents, restricted bank deposits and other financial assets is limited because the counterparties are banks, and financial institutions for which the Group considers to represent low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Contract assets and current trade receivables without a significant financing component

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers regarding credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 90 days from the date of billing. Debtors with balances that are more than 90 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

At 31 December 2022, 2023 and 2024, 3.1%, 3.7% and 1.0% of the total contract assets and current trade receivables was due from the Group's largest customer in each year during the Relevant Periods respectively, and 8.3%, 12. 9% and 11.8% of the total contract assets and current trade receivables was due from the Group's five largest customers in each year during the Relevant Periods respectively.

The Group measures loss allowances for contract assets and current trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different type of customer, the loss allowance based on past due status is not distinguished among the Group's different customer types.

For the trade receivables for which management is aware of specific information related to elevated credit risk or with pending lawsuit, the directors of the Company assesses the ECL allowances on an individual basis. The following table provides information about the Group's exposure to credit risk and ECLs for these trade receivables as at at 31 December 2022, 2023 and 2024.

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount	25,049	29,502	37,674
Loss allowance	(24,594)	(26,957)	(35,266)
Carrying amounts	455	2,545	2,408

The following table provides information about the Group's exposure to credit risk and ECLs for the remaining contract assets and current trade receivables as at 31 December 2022, 2023 and 2024.

	As at 31 December 2022			
	ECL rate	**Gross carrying amount**	**Loss allowance**	**Carrying amount**
	%	*RMB'000*	*RMB'000*	*RMB'000*
Current or within 1 year	2.3	253,992	(5,740)	248,252
More than 1 year but within 2 years	9.7	83,766	(8,151)	75,615
More than 2 years but within 3 years	19.7	31,704	(6,243)	25,461
More than 3 years	63.3	25,596	(16,211)	9,385
		395,058	(36,345)	358,713

	As at 31 December 2023			
	ECL rate	**Gross carrying amount**	**Loss allowance**	**Carrying amount**
	%	*RMB'000*	*RMB'000*	*RMB'000*
Current or within 1 year	2.7	277,513	(7,480)	270,033
More than 1 year but within 2 years	10.5	45,868	(4,799)	41,069
More than 2 years but within 3 years	20.1	46,547	(9,376)	37,171
More than 3 years	60.4	35,557	(21,477)	14,080
		405,485	(43,132)	362,353

	As at 31 December 2024			
	ECL rate	**Gross carrying amount**	**Loss allowance**	**Carrying amount**
	%	*RMB'000*	*RMB'000*	*RMB'000*
Current or within 1 year	2.7	285,188	(7,639)	277,549
More than 1 year but within 2 years	10.4	36,773	(3,839)	32,934
More than 2 years but within 3 years	21.7	17,640	(3,830)	13,810
More than 3 years	51.8	43,484	(22,536)	20,948
		383,085	(37,844)	345,241

ECL rates are based on actual loss experience over the past 3 years. The directors of the Company have considered factors, such as economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The movement in the loss allowance account in respect contract assets and current trade receivables during the years ended 31 December 2022, 2023 and 2024 is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	43,726	60,939	70,089
ECL recognised	18,870	11,956	9,087
Amounts written off	(1,657)	(2,806)	(6,066)
Balance at the end of the year	60,939	70,089	73,110

Trade receivables with significant financing component

The Group has put in place continuous monitoring mechanism, with regular reporting of credit exposures to internal management of credit risk. The Group's credit risk management covers key operational phases, including credit approval and post-sales monitoring. Any adverse events that may significantly affect a customer's repayment ability are reported immediately, and actions are taken to mitigate the risks.

The Group measures loss allowance for non-current trade receivables as disclosed in note 2(j)(i).

The ECL is the result of the discounted product of probability of default (PD), exposure at default (EAD) and loss given default (LGD). The definitions of these terms are as follows:

— PD refers to the likelihood that a counterparty will be unable to meet his repayment obligations over the next 12 months or the remaining lifetime of the receivables;

— EAD is the amount that the Group should be reimbursed upon default of an obligor over the next 12 months or the remaining lifetime of the receivables;

— LGD refers to the expected degree of loss arising from the exposure at default which is predicted by the Group. LGD varies according to different types of counterparties, methods and priority of recovering debts.

The Group determines the expected credit losses by estimating the PD, LGD and EAD of individual exposure or asset portfolios in the future months. The Group multiplies these three parameters and makes adjustments according to the probability of their continuance (i.e. there is no prepayment or default at an earlier period). By adopting this approach, the Group can calculate the expected credit losses for the future months. The results of calculation for each month are then discounted to the balance sheet date and added up. The discount rate used in the calculation of ECL is the initial effective interest rate or its approximate value.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables with a significant financing component as at at 31 December 2022, 2023 and 2024.

	As at 31 December 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount	11,699	5,212	625	17,536
Less: Allowances for ECLs	(145)	(22)	(625)	(792)
Net carrying amount	11,554	5,190	—	16,744

	As at 31 December 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount	19,497	10,538	619	30,654
Less: Allowances for ECLs	(532)	(47)	(619)	(1,198)
Net carrying amount	18,965	10,491	—	29,456

	As at 31 December 2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount	22,719	21,273	733	44,725
Less: Allowances for ECLs	(883)	(83)	(733)	(1,699)
Net carrying amount	21,836	21,190	—	43,026

Movements of allowances for impairment losses

	Year ended 31 December 2022			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	67	16	515	598
Transferred				
— to lifetime ECL not credit-impaired	(3)	3	—	—
Charged for the year	221	11	224	456
Recoveries	(140)	(8)	(114)	(262)
As at 31 December	145	22	625	792

	Year ended 31 December 2023			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	145	22	625	792
Transferred				
— to lifetime ECL not credit-impaired	(8)	8	—	—
Charged for the year	515	21	92	628
Recoveries	(120)	(4)	(98)	(222)
As at 31 December	532	47	619	1,198

	Year ended 31 December 2024			
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January	532	47	619	1,198
Transferred				
— to lifetime ECL not credit-impaired	(18)	18	—	—
— to lifetime ECL credit-impaired	—	(56)	56	—
Charged for the year	530	87	139	756
Recoveries	(161)	(13)	(81)	(255)
As at 31 December	883	83	733	1,699

(b) Liquidity risk

The treasury function of the Group is centrally managed by the Group, which includes the short-term investment of cash surpluses and the raising of funds to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the date the Group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), and the earliest date the Group can be required to pay:

	As at 31 December 2022					
	Contractual undiscounted cash outflow					Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	71,420	—	—	—	71,420	69,054
Lease liabilities	18,007	11,986	11,431	1,710	43,134	36,916
Trade and other payables	159,683	—	—	—	159,683	159,683
	249,110	11,986	11,431	1,710	274,237	265,653

	As at 31 December 2023					
	Contractual undiscounted cash outflow					Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	10,165	—	—	—	10,165	10,011
Lease liabilities	20,318	8,662	9,163	581	38,724	30,874
Trade and other payables	213,334	—	—	—	213,334	213,334
	243,817	8,662	9,163	581	262,223	254,219

	As at 31 December 2024					
	Contractual undiscounted cash outflow					Carrying amount on consolidated statements of financial position
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans	30,895	—	—	—	30,895	29,508
Lease liabilities	47,642	24,907	13,900	1,015	87,464	64,684
Trade and other payables	212,645	—	—	—	212,645	212,645
	291,182	24,907	13,900	1,015	331,004	306,837

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash balances at bank and on hand, fixed deposits, bank loans, restricted bank deposits and lease liabilities. Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk, respectively. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group at the end of each reporting period:

		As at 31 December		
	Note	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*
Fixed rate instruments:				
Fixed deposits with banks with original maturity over three months		34,191	—	—
Cash at bank and on hand	*23(a)*	9,600	48,796	—
Bank loans	*24*	(69,054)	(10,011)	(29,508)
Lease liabilities	*25*	(36,916)	(30,874)	(64,684)
		(62,179)	7,911	(94,192)
Variable rate instruments:				
Cash balances with payment platforms	*23(a)*	1,356	722	812
Cash at bank and on hand	*23(a)*	109,318	140,866	163,527
Restricted bank deposits	*22*	15,095	35,551	26,796
		125,769	177,139	191,135

(ii) Sensitivity analysis

At 31 December 2022 and 2023 and 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax and retained profits by approximately RMB1,069,000, RMB1,506,000, and RMB1,625,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The sensitivity analyses are performed on the same basis during the years ended 31 December 2022, 2023 and 2024.

(d) Fair value measurement

The carrying amounts of the Group's financial assets and liabilities carried at amortised cost are not materially different from their fair values at 31 December 2022, 2023 and 2024.

32 Commitments

Commitments outstanding at 31 December 2022, 2023 and 2024 for property, plant and equipment, which was not provided in the financial statements were as follows:

	As at 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Contracted for acquisition of property, plant and equipment	—	288	85,412

33 Material related party transactions

The Group entered into the following material related party transactions during the years ended 31 December 2022, 2023 and 2024.

Name of related parties	Relationship
Mr. Sun Longxi and Mr. Huang Jinlian	Controlling shareholders
Xiamen Hualong Electronic Technology Co., Ltd. (廈門鏵龍電子科技有限公司)*	Entity controlled by Controlling shareholders of the Company
Wuxi Geomatec Optoelectronic Technology Co., Ltd. (無錫吉奧馬光電科技有限公司)*	Entity controlled by Controlling shareholders of the Company
Geoma Technology (Wuxi) Co., Ltd. (吉奧馬科技(無錫)有限公司)*	Entity controlled by Controlling shareholders of the Company before 9 November 2023
Xuzhou Ketuo Parking Management Service Co., Ltd. (徐州科拓停車管理服務有限公司)*	Associate of the Group
Zunyi Zhijie Urban Construction and Development Co., Ltd. (遵義市智捷城市建設發展有限公司)*	Associate of the Group

Name of related parties	Relationship
Beijing Tuojin Parking Management Co., Ltd. (北京拓金停車管理有限公司)*	Associate of the Group before 9 August 2022
Chongqing Bayu Shuzhi Urban Operation Service Co., Ltd. ("重慶巴渝數智城市運營服務有限公司")*	Associate of the Group

* *The English translation of the company's name of for reference only. The official name of this company is in Chinese.*

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in note 8 is as follows:

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages allowances and other benefits in kind	1,860	1,949	2,031
Equity-settled share-based payment expenses	46	—	—
Retirement scheme contributions	66	91	94
	1,972	2,040	2,125

Total remuneration is included in "staff costs" (see note 6(b)).

(b) Other transaction with related parties

	Year ended 31 December		
	2022	**2023**	**2024**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and service from			
— Entities controlled by controlling shareholders of the Company	—	574	806
sales of goods to			
— Associates of the Group	2,225	2,350	266

(c) Balances with related parties

	As at 31 December		
	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
— Associates of the Group	1,125	7,502	7,206
Trade payables			
— Associates of the Group	—	22	87

All of the balances are unsecured, interest-free and repayable on demand at the end of each reporting period.

(d) As at 31 December 2022, 2023 and 2024, bank loans of RMB64,048,000, nil and RMB22,000,000 of the Group were secured by Mr. Sun Longxi and Mr. Huang Jinlian (note 24) and their affiliated individuals.

34 Ultimate controlling party

The directors of the Company considered the ultimate controlling party of the Company as at 31 December 2022, 2023 and 2024 was Mr. Sun Longxi and Mr. Huang Jinlian.

35 Possible impact of new or amendments, new standards and interpretations issued but not yet effective for the accounting periods beginning on 1 January 2024

Up to the date of issue of the Historical Financial Information, the IASB has issued a number of new or amended standards, which are not yet effective for the accounting period beginning on 1 January 2024 and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	To be determined by the IASB

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements of the Group.

36 Subsequent events after reporting period

[No significant subsequent events have been occurred to the Company and its subsidiaries in respect of any period subsequent to 31 December 2024.]

SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements have been prepared by the Company and its subsidiaries of the Group in respect of any period subsequent to 31 December 2024.]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This appendix contains a summary of the main provision of the Articles of Association of our Company adopted on April 11, 2025, which will take effect from the date of the **[REDACTED]** of H Shares on the Stock Exchange. The main purpose of this appendix is to provide potential **[REDACTED]** with an overview of the Articles of Association of our Company, so it may not contain all the information that is important to potential **[REDACTED]**.

SHARES AND REGISTERED CAPITAL

The Company shall issue shares under the principles of openness, fairness and impartiality and shares of the same class shall carry the equal rights. Shares of the same class issued at the same time shall be issued under the same condition and at the same price. Shares **[REDACTED]** by any entity or individual shall be paid for at the same consideration.

INCREASE AND REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Increase of Capital

The Company may, based on its operating and development needs, increase its capital in the following ways pursuant to the requirements of laws and regulations and subject to the resolutions separately passed at the general meetings:

(i) by **[REDACTED]** of shares;

(ii) by non-**[REDACTED]** of shares;

(iii) by allotting bonus shares to its existing shareholders;

(iv) by converting common reserve fund into share capital;

(v) by any other means which is stipulated by law and administrative regulations, the Listing Rules, other regulatory rules of the stock exchange where the Company is listed, and other methods approved by the CSRC or other relevant national regulatory authorities.

Reduction of Capital

The Company may reduce its registered capital in accordance with the provisions of the Articles of Association. The Company shall reduce its registered capital in accordance with the PRC Company Law, the Listing Rules and other relevant regulations as well as the procedures stipulated in the Articles of Association.

The Company shall inform its creditors of the reduction in capital within ten (10) days and make public announcements in newspapers within thirty (30) days after the resolution approving the reduction has been adopted. The creditors shall, within thirty (30) days since the date of receiving a written notice or within forty five (45) days since the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee.

The registered capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

Repurchase of Shares

The Company shall not repurchase its shares in accordance with the laws and regulations, the Articles of Association and the relevant provisions of the securities regulatory authorities of the place where the Company's shares are listed, except in the following circumstance:

(i) to reduce its registered capital;

(ii) to merge with another company that holds the shares;

(iii) to utilize shares in the employee share ownership plans or share incentive plans;

(iv) to acquire the shares upon request by shareholders who vote against any resolution adopted at the general meeting on the merger or division of the Company;

(v) to use the shares in the conversion of the convertible corporate bonds issued by the Company;

(vi) Necessary for the Company to protect its value and the shareholders' equity.

Where the Company repurchases its shares under the circumstances set out in items (i) and (ii) of the preceding paragraph, it shall be subject to the resolution of the general meeting. where the Company repurchases its shares under the circumstances set out in items (iii), (v) and (vi) of the preceding paragraph, it shall be subject to the resolution of the Board meeting attended by more than two-thirds (2/3) of the directors in accordance with the provisions of the Articles of Association or the authorization of the general meeting.

The shares repurchased by the Company in accordance with the paragraph 1 shall be processed in the following ways: for the circumstance in item (i), such shares shall be canceled in ten days after the date of repurchase. for the circumstance in item (ii) or (iv), such shares shall be transferred or canceled in six months. for the circumstance in item (iii), (v) or (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and such shares shall be transferred to employees or canceled in three years.

TRANSFER OF SHARES

Shares issued by the Company prior to its **[REDACTED]** shall not be transferred within one (1) year as of the date on which the shares are **[REDACTED]** and **[REDACTED]** in a stock exchange.

The Directors and senior management of the Company shall regularly declare the number of shares held by them and the relevant changes. The number of shares transferred each year during their term of office shall not exceed 25% of the total number of shares in the same class of the Company held by them. The shares of the Company held by them shall not be transferred within one (1) year as of the **[REDACTED]** of the shares of the Company. The shares of the Company held by them shall not be transferred within six months after their departure. Where the rules of the stock exchange where the Company's shares are **[REDACTED]** have other provisions on the transfer of shares, such provisions shall also be complied with.

The Company shall not accept its own shares as collateral.

RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Shareholders

The Company shall establish a register of shareholders with the information provided by the securities registration authority. The register of shareholders shall be sufficient evidence of the holding of the shares of the Company by the shareholders. A shareholder shall enjoy the rights and assume the obligations attached to the class of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume equal obligations.

Rights and Obligations of Shareholders

Shareholders of the Company shall entitle the following rights:

(i) to the Company for dividends and other forms of profit distribution according to the proportion of shares they hold;

(ii) to request, convene, hold, participate or authorize proxies to attend shareholders' general meeting, and to exercise voting rights according to the proportion of shares they hold;

(iii) to supervise the business operations of the Company and to make suggestions or inquiries;

(iv) to transfer, give or pledge the shares held by them in accordance with the laws and regulations, and the Articles of Association;

(v) to inspect or make copies of Articles of Association, all of the register of shareholders, stubs of corporate bonds, minutes of shareholders' general meetings, resolutions of the Board meetings, financial and accounting reports. shareholders who satisfy the prescribed criteria may also inspect the Company's accounting books and accounting vouchers;

(vi) to participate in the distribution of the remaining property of the Company according to the proportion of shares they hold when the Company is terminated or liquidated;

(vii) to require the Company to buy back its shares in the event that shareholders objecting to resolutions of the general meeting concerning merger or division of the Company;

(viii) other rights set out in laws and regulations, the Listing Rules and the Articles of Association.

A shareholder requesting for inspection of information or access to materials according to the Articles of Association shall produce to the Company written documents evidencing the class and number of shares that the shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder.

Shareholders of the Company shall assume the following obligations:

(i) to abide by the laws and regulations and the Articles of Association;

(ii) to make a capital contribution according to the shares they **[REDACTED]** and the capital contribution method;

(iii) not to withdraw shares unless otherwise provided by laws and regulations;

(iv) not to abuse their shareholders' rights to harm the Company's or other shareholders' interests. not to abuse the Company's legal person status or the shareholders' limited liability to harm the interests of the Company's creditors;

(v) other obligations to be assumed by the Shareholders according to the laws and regulations, the Listing Rules, other regulatory rules of the stock exchange where the Company is **[REDACTED]**, and the Articles of Association.

If a shareholder abuses his/her shareholder rights and causes a loss to the Company or other shareholders, he or she shall be held liable for damages in accordance with laws. If a shareholder abuses the independent legal person status of the Company or the limited liability of shareholders in order to evade debts and thereby seriously damages the interests of the Company's creditors, he or she shall assume joint and several liability for the Company's debts.

SHAREHOLDERS' GENERAL MEETING

General rules for the Shareholders' General Meeting

The general meeting acts as the supreme authority of the Company which, according to laws, exercises the following functions and power:

(i) to elect and replace the directors assumed by non-representatives of the employees and decide on matters relating to the remuneration of the directors;

(ii) to review and approve the reports of the Board of Directors;

(iii) to review and approve the Company's profit distribution plans and loss recovery plans;

(iv) to decide on the increase or reduction of the Company's registered capital;

(v) to decide on the issue of bonds by the Company;

(vi) to decide on merger, division, dissolution, liquidation of the Company, or changes in the form of the Company;

(vii) to amend these Articles of Association;

(viii) to decide on the engagement or dismissal of the accounting firms of the Company;

(ix) to review and approve the transaction-related matters stipulated in Article 47;

(x) to review and approve the security-related matters stipulated in Article 48;

(xi) to review the matters of purchase and/or sale by the Company within one year of significant assets exceeding 30% of the latest audited total assets of the Company;

(xii) to review and approve the change of the use of the raised funds;

(xiii) to review share incentive plans and employee stock ownership plans;

(xiv) to consider and decide on other matters that are required to be resolved by the general meeting pursuant to laws, administrative regulations, departmental rules, the Listing Rules, or the Articles of Association.

The Company shall convene an extraordinary general meeting within two (2) months in any of the following cases:

(i) when the number of Directors is less than the number prescribed by the PRC Company Law or less than two-thirds (2/3) of the amount required by these Articles of Association;

(ii) when the Company's uncovered losses amount to one-third (1/3) of the total paid-up share capital;

(iii) when shareholders, individually or collectively, holding more than ten percent (10%) of the voting shares of the Company request;

(iv) when the Board of Directors deems it's necessary;

(v) when the Audit Committee deems it's necessary;

(vi) Other circumstances as stipulated by laws, regulations, the Listing Rules, other regulatory rules of the stock exchange where the Company is **[REDACTED]** or these Articles of Association.

The Convening of the General Meeting

With the approval of a majority of all Independent non-executive Directors, the Independent non-executive Directors shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting. In response to a proposal by an Independent non-executive Directors to convene an extraordinary general meeting, the Board of Directors shall, in accordance with the laws and regulations, the Listing Rules, other regulatory rules of the stock exchange where the Company is **[REDACTED]** and these Articles of Association, provide written feedback within ten (10) days after receiving the proposal to agree or disagree with the convening of the extraordinary general meeting. If the Board of Directors agrees to convene an extraordinary general meeting, it will issue a notice of the convening of the general meeting within five (5) days after making a resolution of the Board of Directors.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary general meeting, and shall make such proposal in writing. The Board of Directors shall, in accordance with the laws and regulations, the Listing Rules, other regulatory rules of the stock exchange where the Company is **[REDACTED]** and these Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of an extraordinary general meeting within ten (10) days after receiving the proposal.

Shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company may sign written requests to the Board of Directors for the convening of an extraordinary general meeting. The Board of Directors shall, in accordance with the laws and regulations, the Listing Rules, other regulatory rules of the stock exchange where the Company is **[REDACTED]** and these Articles of Association, provide written feedback within ten (10) days after receiving the request, whether it agrees or does not agree to convene an extraordinary general meeting.

If the Board of Directors agrees to convene an extraordinary general meeting, it shall, within five (5) days after making a resolution of the Board of Directors, issue a notice to convene the general meeting, and any changes to the original request in the notice shall be subject to the consent of the shareholders concerned.

If the Board of Directors does not agree to convene an extraordinary general meeting, or does not provide feedback within ten (10) days after receiving the request, shareholders, individually or collectively, holding more than ten (10) percent of the shares of the Company shall have the right to propose to the Audit Committee the convening of an extraordinary general meeting, and shall submit their request in writing to the Audit Committee.

If the Audit Committee agrees to convene an extraordinary general meeting, it shall, within five (5) days after receiving the request, issue a notice convening the general meeting, and any changes to the original proposal in the notice shall be subject to the consent of the shareholders concerned.

If the Audit Committee fails to issue a notice of a general meeting within the prescribed period, it shall be deemed not to convene and preside over the general meeting. Shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company for more than ninety (90) consecutive days may convene and preside over the general meeting on their own. The shareholding of the convening shareholder shall not be less than ten percent (10%) before the announcement of the resolution of the general meeting.

Notices of the Shareholders' General Meeting

The convener shall notify all shareholders of the time, place and matters to be considered at the meeting at least twenty-one (21) calendar days prior to the annual general meeting, and shall notify all shareholders of the time, place and matters to be considered at the meeting fifteen (15) calendar days prior to the extraordinary general meeting.

The notice of the general meeting shall meet the following requirements:

(i) the time, venue and duration of the meeting;

(ii) subject matters and proposals submitted for consideration and approval at the meeting;

(iii) it shall be clearly stated that all holders of ordinary shares are entitled to attend general meetings, and may appoint a proxy in writing to attend and vote at the meeting on their behalf. Such proxy need not be a shareholder of the Company;

(iv) the equity registration date of the shareholders who are entitled to attend on the general meetings;

(v) name(s) and telephone number(s) of the standing contact person(s) for the affairs of meetings;

(vi) the time and procedures for voting via the internet or by other means;

(vii) other requirements stipulated by laws and regulations, Listing Rules, regulatory rules of the place where the Company's shares are **[REDACTED]** and the Articles of Association.

Resolutions at the General Meeting

The resolutions of a general meeting are classified into ordinary resolutions and special resolutions.

Ordinary resolutions of the general meeting shall be adopted by more than half (1/2) of the voting rights held by the shareholders (including shareholders' proxies) present at the general meeting.

Special resolutions of the general meeting shall be adopted by more than two-thirds (2/3) of the voting rights held by the shareholders (including shareholders' proxies) present at the general meeting.

The following matters shall be resolved by way of ordinary resolution of the general meeting:

(i) work reports of the Board of Directors;

(ii) proposals formulated by the Board of Directors for distribution of profits or loss recovery plans;

(iii) appointment and removal of directors of the Board of Directors, and their remuneration and method of payment of their remuneration;

(iv) engagement or dismissal of the accounting firms of the Company;

(v) all matters required to be approved by a general meeting other than those required to be approved by way of special resolution under any laws, regulations, Listing Rules, regulatory rules of the place where the shares of the Company are **[REDACTED]** or these Articles of Association.

The following matters shall be resolved by way of special resolution of the general meeting:

(i) the increase or reduction of the registered capital by the Company.

(ii) the merger, spin-off, division, dissolution, or liquidation of the Company.

(iii) the amendment to these Articles of Association.

(iv) the amount of purchase and the sale of major assets or the guarantee by the Company within one year exceeds 30% of the latest audited total assets of the Company.

(v) the share incentive plans.

(vi) other matters which the laws, regulations, securities regulatory rules of the place where the shares of the Company are **[REDACTED]** or these Articles of Association require to be adopted by special resolutions.

Shareholders (including shareholders' proxies), may exercise voting rights in the amount of the voting shares they represent and each share shall have one vote.

Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

When a connected transaction is considered at a general meeting, the connected shareholders and their close associates shall abstain from voting, and the number of voting shares represented by them shall not be counted in the total number of valid votes.

DIRECTORS AND THE BOARD OF DIRECTORS

Directors

Directors shall be elected or replaced at the general meeting for a term of three (3) years and may be re-elected upon the expiration of the term.

The general manager or other senior management members may concurrently serve as Directors, provided that the total number of Directors who concurrently serve as general manager or other senior management members and Directors who are employee representatives shall not exceed half (1/2) of the total number of Directors of the Company.

Board of Directors

The Directors of the Company are divided into executive Directors, non-executive Directors and independent non-executive Directors. The number of independent non-executive Directors shall represent at least one-third (1/3) of the members of the Board of Directors. At least one independent non-executive director must possess appropriate professional qualifications or accounting or related financial management expertise, and at least one independent non-executive director must ordinarily reside in Hong Kong.

The Company shall have a Board of Directors, which shall consist of seven (7) Directors and shall have one (1) chairman of the Board.

The Board of Directors of the Company shall include one director who is a representative of the employees. The employee representative director shall be elected democratically by the employees of the Company through the employees' congress, general meeting of employees, or other forms of democratic election.

The Board of Directors shall exercises the following functions and powers:

(i) to convene general meetings and report on its work to the general meetings;

(ii) to implement the resolutions of the general meeting;

(iii) to determine the business operation plans and investment plans of the Company;

(iv) to formulate the profit distribution plans and loss recovery plans of the Company;

(v) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and **[REDACTED]** of shares of the Company;

(vi) to formulate plans for material acquisitions, purchase of shares of the Company or merger, division, dissolution, liquidation or change of corporate form of the Company;

(vii) Within the scope of authorization granted by the general meeting, to decide on matters such as the Company's external investments, acquisition or disposal of assets, asset pledges, provision of external guarantees, entrusted wealth management, and connected transactions;

(viii) to formulate the basic management policies of the Company;

(ix) to determinate the setup of the Company's internal management organizations;

(x) to decide on the appointment or dismissal of the Company's general manager, secretary to the Board of Directors and other senior management members, and to decide on matters over the remunerations and rewards or punishments thereof. And to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and other senior management as well as their remunerations and rewards or punishments according to the nomination of the general manager;

(xi) to formulate the amendment to the Articles of Association;

(xii) to manage the information disclosure of the Company;

(xiii) to advice the general meeting to engage or replace the accounting firm that provides audits for the Company;

(xiv) to listen to the work report of the manager of the Company and inspect the work of the manager;

(xv) other functions and powers conferred by laws and regulations, the Listing Rules of the place where the Company's shares are **[REDACTED]** and these Articles of Association.

The chairman of the Board shall exercise the following functions and powers:

(i) to preside over general meetings and to convene and preside over meetings of the Board;

(ii) to supervise and inspect the implementation of the resolutions of the Board;

(iii) to propose the convening of an extraordinary meeting of the Board;

(iv) to sign important documents of the Board;

(v) in the event of force majeure emergency such as the occurrence of a major natural disaster, to exercise special disposal authority over the affairs of the Company in accordance with the provisions of the law and the interests of the Company, and to report to the Board and the general meeting of shareholders of the Company afterwards;

(vi) other functions and powers conferred by the Board.

The Board of Directors shall convene at least four meetings each year, approximately once every quarter, and such meetings shall be convened by the chairman of the Board. The notice of a regular Board meeting shall be sent to all Directors at least fourteen (14) days before the date of the meeting.

Shareholders representing more than one tenth of all voting rights, more than one thirds of all directors or the Audit Committee may propose the holding of an extraordinary meeting of the Board. The chairman of the Board shall, within 10 days of receipt of such proposal, convene and preside over the meeting of the Board of Directors.

The notice of an extraordinary meeting of the Board shall be given to all directors at least 3 days prior to the meeting.

Voting at Board meetings is conducted by open ballot, with each Director having one vote. Resolutions of the Board of Directors shall be passed by more than half of all Directors.

AUDIT COMMITTEE

An Audit Committee shall be established under the Board of Directors to perform the duties and powers of the supervisory committee as prescribed by the PRC Company Law.

The Audit Committee shall consist of three members, who shall be non-executive directors and independent non-executive directors not holding any senior management positions in the Company. At least two (2) of the members shall be independent non-executive directors, and the chairman of the Committee shall be an accounting professional among the independent non-executive directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its information disclosure, as well as supervising and assessing both internal and external audit activities and internal controls. The following matters shall be submitted to the Board of Directors for consideration only after being approved by a majority of all members of the Audit Committee:

(i) disclosure of financial information in financial and periodic reports, and the internal control evaluation report;

(ii) engagement or dismissal of the accounting firm of the Company;

(iii) appointment or dismissal of the Company's chief financial officer;

(iv) changes in accounting policies or accounting estimates, or correction of material accounting errors, except those resulting from changes in accounting standards;

(v) other matters as prescribed by laws, regulations, the CSRC, the regulatory rules of the stock exchange where the Company's shares are **[REDACTED]**, the Listing Rules, and the Articles of Association.

Resolutions of the Audit Committee shall be passed by a majority of its members.

GENERAL MANAGER

The Company shall have one (1) general manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board of Directors upon nomination by the general manager.

The general manager shall be directly accountable to the Board of Directors and exercise the following functions and powers:

(i) to be in charge of the operation and management of the Company, to organize and implement the resolutions of the Board of Directors, and to report on his/her work to the Board of Directors;

(ii) to organize and implement the Company's annual business plan and investment plan.

(iii) to draft the plan for establishment of the Company's internal management organization.

(iv) to draft the Company's basic management policies.

(v) to formulate the detailed rules and regulations of the Company.

(vi) to request the Board of Directors to appoint or dismiss deputy general manager and chief financial officer of the Company.

(vii) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors.

(viii) to draft the Company's employee compensation, benefits, rewards and penalties, and to decide on the employment and dismissal of the Company's employees.

(ix) to propose the convening of an extraordinary meeting of the Board of Directors.

(x) to draft the Company's development plan, major investment projects, and annual production and business plans.

(xi) to draft the Company's post-tax profit distribution plans, loss recovery plans, and plans for using the Company's assets as collateral for financing.

(xii) to approve the various expense expenditures in the daily operation and management of the Company;

(xiii) to draft proposals for increasing or decreasing the Company's registered capital and issuing corporate bonds;

(xiv) other functions and powers conferred by the Articles of Association and the Board of Directors.

SECRETARY TO THE BOARD

The Company shall have one (1) Board secretary. The Board secretary shall be a senior management member of the Company.

The Company shall have a secretary to the Board of Directors, whose responsibilities include preparing general meetings and Board meetings of the Company, maintaining documents and managing shareholder information of the Company, and handling the information disclosure of the Company.

The secretary to the Board of Directors shall comply with relevant provisions of the laws and regulations, departmental rules, other regulatory rules of the stock exchange where the Company is **[REDACTED]** and these Articles of Association.

BORROWING POWER

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the Board of Directors shall be entitled to formulate proposals for the Company to issue bonds and to **[REDACTED]** its shares, and that such bond issues must be approved by the shareholders by a special resolution at the shareholders' general meeting.

FINANCIAL AND ACCOUNTING SYSTEM

The Company shall formulate its own financial and accounting systems in accordance with the laws, regulations, securities regulatory rules of the stock exchange where the Company is **[REDACTED]** and the requirements of relevant state departments.

The Company shall submit, disclose, and/or deliver to shareholders its annual reports, interim reports, preliminary results announcements, and other financial disclosure documents in accordance with the Listing Rules and other regulatory rules.

PROFIT DISTRIBUTION

The Company shall implement a continuous and stable profit distribution policy. The profit distribution of the Company shall emphasize providing reasonable investment returns to investors. The objective of the cash dividend policy is to achieve steadily increasing dividends.

A reasonable portion of the Company's profits shall be distributed, provided that adequate funds are reserved to meet its operational needs and future development.

The Company may implement interim cash dividends.

Form of profit distribution: the Company may distribute profits in the form of cash, shares or a combination of cash and shares. If the conditions for cash dividends are satisfied, priority shall be given to cash dividends for profit distribution.

The Company is not required to distribute profits if:

(i) the audit report on it for the most recent year is either a non-unqualified opinion or an unqualified opinion with a significant uncertainty paragraph relating to going concern;

(ii) the asset-liability ratio at the end of the most recent fiscal year is higher than 70%;

(iii) the operating cash flow is negative in the most recent fiscal year;

(iv) any other circumstances that the Company deems inappropriate for distribution occurs.

INTERNAL AUDIT

The Company implements an internal audit system and has established the internal audit department with full-time auditors to conduct internal audit and supervision on the Company's financial revenues and expenditures and economic activities.

The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of audit shall be accountable and report to the Board.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company may be dissolved for any of the following reasons:

(i) the term of business operation prescribed in the Articles of Association expires or any other circumstance for dissolution prescribed in the Articles of Association occurs.

(ii) the general meeting resolves to dissolve the Company.

(iii) dissolution is required due to merger or division of the Company.

(iv) the Company is revoked of its business license, ordered to close down or annulled according to law due to violation of laws and regulations.

(v) there is severe difficulty in the operation and management of the Company, and the continued existence of the Company will have material prejudice to the interests of its shareholders and there is no other way to resolve, shareholders who hold an aggregate of over ten percent (10%) of the whole voting rights can make a petition to the people's court to dissolve the Company.

Where any of the circumstances prescribed in items (i) or (ii) occurs, and has not distributed its assets to shareholders, the Company may continue to exist by amending these Articles of Association.

If the Company is dissolved under items (i), (ii), (iv), and (v), a liquidation committee shall be established within fifteen (15) days from the occurrence of the cause for dissolution, and liquidation shall commence accordingly. The liquidation committee shall be composed of the directors, unless otherwise provided in these Articles of Association or a resolution of the shareholders' general meeting appoints other persons.

If the liquidation committee is not established within the prescribed period, or fails to carry out liquidation after being established, interested parties may apply to the people's court to designate relevant personnel to form a liquidation committee and proceed with the liquidation.

The liquidation committee shall notify the creditors within ten (10) days from the date of its establishment, and shall make a public announcement within sixty (60) days via newspapers or the National Enterprise Credit Information Publicity System. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice, or within forty-five (45) days from the date of the public announcement if no notice is received.

If, after verifying the Company's assets and preparing a balance sheet and an asset register, the liquidation committee determines that the Company's assets are insufficient to satisfy its debts, it shall, in accordance with applicable laws, apply to the people's court for bankruptcy liquidation.

Upon acceptance of the application by the court, the liquidation committee shall transfer the liquidation matters to the liquidator appointed by the court.

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, which shall be submitted to the shareholders' general meeting or the people's court for confirmation, and filed with the Company registration authority for application of deregistration.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under any of the following circumstances:

(i) after the PRC Company Law or relevant laws and regulations are amended, the provisions of the Articles of Association are in conflict with the provisions of the amended ones.

(ii) there has been a change to the Company, resulting in inconsistency with the contents in the Articles of Association.

(iii) the general meeting decides to amend the Articles of Association.

1. FURTHER INFORMATION ABOUT OUR COMPANY

A. Incorporation

Our Company was incorporated as a company with limited liability in the PRC on June 27, 2006. and was converted into a joint stock company under the PRC laws on August 28, 2011. Our registered address is at Unit 301, No. 58 Guanri Road, Xiamen Software Park, Xiamen, Fujian District, the PRC, and our principal place of business is at 3/F, Building 3, Guanyin Mountain Business Center, No. 155 Taidong Road, Xiamen, Fujian Province, the PRC.

We have established a place of business in Hong Kong at 19th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on [•]. Ms. So Lai Shan (蘇麗珊), our joint company secretary, is the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as its principal place of business in Hong Kong as set out above.

As our Company was established in the PRC, we are subject to the relevant laws and regulations of the PRC. An overview of the relevant aspects of laws and regulations of the PRC is set out in the section headed "Regulatory Overview" in this document. A summary of our Articles of Association is set out in Appendix III to this document.

B. Changes in the Share Capital of our Company

As of the date of our establishment as a joint stock company with limited liability, our registered capital was RMB11,000,000 consisting of 11,000,000 issued Domestic Shares with a nominal value of RMB1.00 each, which has been fully paid up by our promoters. See the section headed "History, Development and Corporate Structure — Corporate Development of our Company" for the major changes in the share capital of our Company since our establishment as a joint stock company.

Immediately following the completion of the **[REDACTED]** and the **[REDACTED]**, assuming that the **[REDACTED]** is not exercised, our registered share **[REDACTED]** will be increased to RMB**[REDACTED]**, divided into **[REDACTED]** Domestic Shares and **[REDACTED]** H Shares, fully paid up or credited as fully paid up, representing approximately **[REDACTED]**% and approximately **[REDACTED]**% of our enlarged share capital, respectively.

There has been no alteration in the share capital within two years immediately preceding the date of this document.

C. Resolutions Passed by Our Shareholders' General Meeting in relation to the [REDACTED]

At the extraordinary general meeting of our Shareholders held on April 11, 2025, the following resolutions, among others, were duly passed:

(1) the **[REDACTED]** by our Company of H Shares of nominal value of RMB1.00 each and such H Shares be **[REDACTED]** on the Stock Exchange;

(2) the proposed number of H Shares to be **[REDACTED]** under the **[REDACTED]** and the grant of the **[REDACTED]**. The number of H Shares to be **[REDACTED]** pursuant to the exercise of the **[REDACTED]** shall not exceed **[REDACTED]** of the total number of H Shares to be **[REDACTED]** initially pursuant to the **[REDACTED]**;

(3) subject to the completion of the **[REDACTED]**, the conditional adoption of the revised Articles of Association, which shall become effective on the **[REDACTED]**; and

(4) authorization of our Board and its authorized persons to handle all matters relating to, among other things, the **[REDACTED]**.

D. Changes in Share Capital of our Subsidiaries

The list of our subsidiaries is set out in Note 1 to the Accountants' Report, the text of which is set out in Appendix I to this Document.

Save as disclosed below and in the section headed "History, Development and Corporate Structure — Our Principal Subsidiaries," there has been no alteration in the share capital of any of our subsidiaries within the two years preceding the date of this Document.

(1) Xiamen Jucheng Shijie Digital Media Co., Ltd. (廈門聚城視界數字傳媒有限公司)

On April 26, 2024, Xiamen Jucheng Shijie Digital Media Co., Ltd. was incorporated with a registered capital of RMB2.0 million.

(2) Chongqing Keytop Shubo Technology Co., Ltd. (重慶科拓數泊科技有限公司)

On November 9, 2023, the registered capital of Chongqing Keytop Shubo Technology Co., Ltd. was increased from RMB1.0 million to RMB10.0 million.

(3) Dongshan Subo Information Technology Co., Ltd. (東山速泊信息科技有限公司)

On June 14, 2024, Dongshan Subo Information Technology Co., Ltd. was incorporated with a registered capital of RMB20.0 million.

(4) Fujian Keytop Enterprise Management Co., Ltd. (福建科拓企業管理有限公司)

On December 1, 2023, Fujian Keytop Enterprise Management Co., Ltd. was incorporated with a registered capital of RMB1.0 million.

On January 19, 2024, the registered capital of Fujian Keytop Enterprise Management Co., Ltd. was increased from RMB1.0 million to RMB10.0 million.

(5) Suzhou Subo IoT Technology Co., Ltd. (蘇州速泊物聯網科技有限公司)

On November 22, 2024, Suzhou Subo IoT Technology Co., Ltd. was incorporated with a registered capital of RMB10.0 million.

(6) Changchun Keytop Parking Management Co., Ltd. (長春科拓停車管理有限公司)

On January 3, 2025, Changchun Keytop Parking Management Co., Ltd. was incorporated with a registered capital of RMB1.0 million.

(7) Xiamen Keytop Parking Lot Management Co., Ltd. (廈門科拓停車場管理有限公司)

On July 18, 2024, Xiamen Keytop Parking Lot Management Co., Ltd. was incorporated with a registered capital of RMB1.0 million.

(8) Xiamen Keytop (HK) Co. Limited (廈門科拓(香港)有限公司)

On January 31, 2024, the issued share capital of Xiamen Keytop (HK) Co. Limited was increased from HK$9,001,000 to HK$30,001,000.

E. Restriction on Share Repurchases

For details of the restrictions on share repurchases by our Company, see the section headed "Appendix III — Summary of Articles of Association" in this document.

2. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Our Material Contract

We have entered into the following contract (not being contract entered into in the ordinary course of business) within the two years immediately preceding the date of this document that is or may be material:

(1) the **[REDACTED]**.

B. Our Intellectual Property Rights

As of the Latest Practicable Date, our Company had registered, or had applied for the registration of the following intellectual property rights which were material to our Group's business.

Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we considered to be material to our business:

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
1	KEYTOP	9	Xiamen Keytop Comm. & Tech. Co., Ltd.	Hong Kong	305253741	April 22, 2020 to April 21, 2030
2	科拓	6,9,35,37,39,42	Xiamen Keytop Comm. & Tech. Co., Ltd.	Hong Kong	306736807	November 26, 2024 to November 25, 2034
3	KEYTOP 科拓	9	Our Company	China	6088801	February 14, 2021 to February 13, 2031
4	科拓通讯	42	Our Company	China	8486132	April 14, 2024 to April 13, 2034

No.	Trademark	Class	Owner	Place of Registration	Registration No.	Validity Period
5	KEYTOP	9	Our Company	China	40939158	April 21, 2020 to April 20, 2030
6	KEYTOP	37	Our Company	China	40939097	April 21, 2020 to April 20, 2030
7	KEYTOP	38	Our Company	China	40950663	April 21, 2020 to April 20, 2030
8	KEYTOP	39	Our Company	China	40953528	April 21, 2020 to April 20, 2030
9	科拓	39	Our Company	China	40339547	March 28, 2020 to March 27, 2030
10	科拓	37	Our Company	China	40361235	March 28, 2020 to March 27, 2030
11	科拓速停车	37	Our Company	China	48376082	March 14, 2021 to March 13, 2031
12	科拓速停车	39	Our Company	China	48368334	March 14, 2021 to March 13, 2031
13	KEYTOP	39	Our Company	China	65292506	November 28, 2022 to November 27, 2032
14	KEYTOP	9	Our Company	China	65282133	April 7, 2023 to April 6, 2033
15	科拓	9	Our Company	China	65278399	March 14, 2021 to March 13, 2031
16	科拓	37	Our Company	China	65271978	March 14, 2021 to March 13, 2031
17	科拓	39	Our Company	China	65293852	November 28, 2022 to November 27, 2032

Patent

As of the Latest Practicable Date, we had registered the following patents which we considered to be material to our business:

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
1	Our Company	A method and system for self-service parking payment and vehicle location based on mobile phone application	201510027455.7	Invention Patent	January 20, 2015	August 25, 2017
2	Our Company	A method and system for using parking lot vouchers	201510027106.5	Invention Patent	January 20, 2015	August 25, 2017
3	Our Company	A method, system and intelligent digital camera for license plate recognition based on video stream	201511016292.9	Invention Patent	December 29, 2015	April 7, 2020
4	Our Company	A method, device and electronic equipment for searching vehicle location	202111115860.6	Invention Patent	September 23, 2021	October 11, 2022
5	Our Company	Method, device and electronic equipment for the detection of vehicles's entry and exit	202111115168.3	Invention Patent	September 23, 2021	November 4, 2022
6	Our Company	Method, device and electronic equipment for identifying human-vehicle relationships	202110621827.4	Invention Patent	June 3, 2021	February 28, 2023
7	Our Company	Method, device, server and readable storage medium for pilot parking in parking lots	202111082037.X	Invention Patent	September 15, 2021	May 5, 2023
8	Our Company	Method, device, access control equipment and medium for access control targeting facial occlusion	202310014156.4	Invention Patent	January 5, 2023	May 14, 2024

No.	Owner	Description	Patent No.	Types of Patents	Application Date	Authorization Announcement Date
9	Our Company	Method, device, system and computer readable storage medium for discounts on parking fee	202211334821.X	Invention Patent	October 28, 2022	December 24, 2024
10	Xiamen Keytop Software Research and Development Center Co., Ltd.	A parking lot remote oversight tunnel service system	202210373141.2	Invention Patent	April 11, 2022	December 8, 2023
11	Xiamen Keytop Software Research and Development Center Co., Ltd.	Vehicle departure method, device, electronic device and storage medium in the case of network disconnection	202211014676.7	Invention Patent	August 23, 2022	March 22, 2024
12	Our Company	An energy-saving parking indicator light	202123125780.7	Utility Model Patent	December 13, 2021	May 10, 2022
13	Our Company	A column type video detection terminal	202123039301.X	Utility Model Patent	December 3, 2021	May 13, 2022
14	Our Company	A parking indicator light	202123039426.2	Utility Model Patent	December 3, 2021	May 13, 2022
15	Our Company	Video parking space detection device and vehicle locating system	202222533171.3	Utility Model Patent	September 23, 2022	January 24, 2023

Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we considered to be material to our business:

No.	Domain Name	Name of Registered Proprietor	Validity Period
1	keytop.com.cn	Our Company	July 19, 2006–July 19, 2026
2	keytop.cn	Our Company	July 20, 2010–July 22, 2026
3	ktop.cc	Our Company	September 7, 2022–September 7, 2026
4	parkinglot.cn	Our Company	February 28, 2023–February 28, 2028

Software copyright

As of the Latest Practicable Date, we had registered the following software copyright which we considered to be material to our business:

No.	Software Name	Owner	Registration No.	Registration Date
1	Speed Parking Software [Speed Parking] V1.0	Our Company	2020SR1723290	December 3, 2020
2	Keytop Merchant Assistant Software [Keytop Merchant Assistant] V2.0	Our Company	2020SR1706808	December 2, 2020
3	Unattended Oversight Management Platform [Unattended Oversight Platform] V2.1	Our Company	2020SR1723276	December 3, 2020
4	Urban Smart Parking Platform V1.0	Our Company	2020SR1718280	December 2, 2020

No.	Software Name	Owner	Registration No.	Registration Date
5	Parking Lot Cloud Assistant Software V1.0	Our Company	2020SR1823955	December 15, 2020
6	Keytop Parking Facility Group Management Platform [Group Parking Management Platform] V1.0	Our Company	2021SR0918532	June 18, 2021
7	Speed Parking Software [Speed Parking] V3.1	Our Company	2022SR0265312	February 23, 2022
8	Access Control Management System V1.0	Our Company	2022SR0571504	May 10, 2022
9	Yongce PRO Digitalization Parking Management System [Yongce PRO] V1.0. .	Our Company	2023SR1337607	October 30, 2023
10	Bluetooth Vehicle Locating Software V3.0	Our Company	2024SR0962279	July 9, 2024
11	Keytop Gold Medal After-sales Software [Gold Medal After-sales] V1.0. . . .	Our Company	2024SR1651191	October 30, 2024
12	Self-service Payment Machine V5.0.	Xiamen Keytop Software Research and Development Center Co., Ltd.	2024SR0797199	June 12, 2024

No.	Software Name	Owner	Registration No.	Registration Date
13	Vehicle Locating System V5.0.	Xiamen Keytop Software Research and Development Center Co., Ltd.	2024SR0795990	June 12, 2024

3. FURTHER INFORMATION ABOUT OUR DIRECTORS

A. Particulars of Directors' Contracts

Each of our Directors [has entered] into a service contract with our Company. Each service contract is for an initial term of three years. The service contracts may be renewed in accordance with the Articles and the applicable laws, rules and regulations.

Save as disclosed above, none of the Directors has or is proposed to enter into a service contract with any member of our Group, other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation).

B. Remuneration of Directors

See "Directors and Senior Management" and Note 8 to the Accountants' Report in Appendix I to this document for the remuneration or benefits in kind paid to our Directors for each of the three years ended December 31, 2024.

During the Track Record Period, no fees were paid by our Group to any of the Directors or the five highest paid individuals as an inducement to join us or as compensation for loss of office.

4. DISCLOSURE OF INTERESTS

A. Disclosure of Interests of Directors

Save as disclosed below, immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), none of our Directors has any interest and/or short position in the Shares, underlying Shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules to be notified to our Company, once the H Shares are **[REDACTED]** on the Stock Exchange.

			As of the Latest Practicable Date		Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised)			
Name of Director	Our Company/ associated corporation	Capacity/ nature of interest	Number of Domestic Shares	Approximate percentage of shareholding in the total issued share capital of our Company	Number of Shares	Description of Shares[1]	Approximate percentage of shareholding in our Domestic Shares/ H Shares (as appropriate)[1]	Approximate percentage of shareholding in the total issued share capital of our Company
Mr. Sun	Our Company	Beneficial owner	23,996,383	26.37%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interest held jointly with another person[2]	21,787,340	23.94%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interest in controlled corporation[3]	3,039,684	3.34%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Mr. Huang	Our Company	Beneficial owner	21,787,340	23.94%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interest held jointly with another person[2]	23,996,383	26.37%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
		Interest in controlled corporation[3]	3,039,684	3.34%	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

(1) For the avoidance of doubt, both Domestic Shares and H Shares are ordinary Shares in the share capital of our Company, and are considered as one class of Shares.

(2) As of the Latest Practicable Date, Mr. Sun and Mr. Huang were acting in concert. Under the SFO, Mr. Sun was deemed to be interested in the entire interest held by Mr. Huang, and Mr. Huang was deemed to be interested in the entire interest held by Mr. Sun.

(3) As of the Latest Practicable Date, Hualong Electronics was owned by Mr. Huang and Mr. Sun as to 51% and 49%, respectively. Under the SFO, Mr. Huang and Mr. Sun were deemed to be interested in the entire Shares held by Hualong Electronics.

Save as disclosed in this document, up to the Latest Practicable Date, none of the Directors or their respective spouses and children under 18 years of age had been granted by our Company or had exercised any rights to **[REDACTED]** shares or debentures of our Company or any of its associated corporations.

B. Substantial Shareholders

Save as disclosed below and in the section headed "Substantial Shareholders" in this document, our Directors or chief executive are not aware of any other person, not being a Director or chief executive of our Company, who has an interest or short position in the Shares and underlying Shares of our Company, which following the completion of the **[REDACTED]** and the **[REDACTED]**, would fall to be disclosed to our Company under the provisions of Divisions 2 an 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company or any member of our Group.

Interests in other members of our Group

Name of our subsidiary	Name of interested party	Capacity/ Nature of interest	Approximate percentage of shareholding
Xiamen Jucheng Shijie Digital Media Co., Ltd. (廈門聚城視界數字傳媒有限公司). . . .	Xiamen Yi Media Advertising Co., Ltd. (廈門壹媒介廣告有限公司)	Beneficial Owner	29%
	Lianzhen (Xiamen) Media Technology Co., Ltd. (聯陣(廈門)傳媒科技有限公司)	Beneficial Owner	20%
Chongqing Keytop Shubo Technology Co., Ltd. (重慶科拓數泊科技有限公司). . . .	Chongqing Zhiren Xinlian Technology Co., Ltd. (重慶智人馨聯科技有限公司)	Beneficial Owner	33%
Chongqing Bayu Shuzhi Urban Operation Service Co., Ltd. (重慶巴渝數智城市運營服務有限公司).	Chongqing Bazhou Cultural Tourism Industry Group Co., Ltd. (重慶巴洲文化旅遊產業集團有限公司)	Beneficial Owner	34%

Name of our subsidiary	Name of interested party	Capacity/ Nature of interest	Approximate percentage of shareholding
Zunyi Keytop Parking Management Service Co., Ltd. (遵義科拓停車管理服務有限公司)	Guizhou Junyuelong Enterprise Management Consulting Co., Ltd. (貴州君悅隆企業管理諮詢有限公司)	Beneficial Owner	20%
Xiamen Youzhisu Parking Technology Co., Ltd. (廈門優之速停車科技有限公司)	Fujian Seven Box Technology Co., Ltd. (福建七個盒子科技有限公司)	Beneficial Owner	10%
Subo Smart Parking Technology (Wuhan) Co., Ltd. (速泊智慧停車科技(武漢)有限公司)	Zeng Xianfu (曾憲富)	Beneficial Owner	40%
Xiamen Keytop Boshi Media Co., Ltd. (廈門科拓泊視傳媒有限公司)	Zheng Wenjie (鄭文杰)	Beneficial Owner	25%
	Xie Qiming (謝旗明)	Beneficial Owner	10%
Jida United Precision Machinery (Xiamen) Co., Ltd. (吉大聯合精密機械(廈門)有限公司)	Fujian Jida United Technology Co., Ltd. (福建吉大聯合科技有限公司)	Beneficial Owner	45%

C. Disclaimers

Save as disclosed in this document:

(1) none of our Directors has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this document been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(2) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

(3) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or Shareholders of our Company who are interested in more than 5% of the issued share capital of our Company has any interests in the five largest customers or the five largest suppliers of our Group.

5. OTHER INFORMATION

A. Estate Duty

Our Directors have been advised that no material liability for estate duty under the PRC laws is likely to fall on our Company or its subsidiaries.

B. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any outstanding material litigation or arbitration which may have material and adverse effect on the **[REDACTED]** and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

C. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the **[REDACTED]** for the **[REDACTED]** of, and permission to **[REDACTED]**, our H Shares. The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will be paid by our Company an aggregate fee of US$**[REDACTED]** million to act as sponsors in connection with the **[REDACTED]**.

D. Compliance Advisor

Our Company has appointed CMBC International Capital Limited as the compliance advisor upon the **[REDACTED]** in compliance with Rule 3A.19 of the Listing Rules.

E. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

F. Promoters

See "History, Development and Corporate Structure — Incorporation and Our Early Developments" for details of our promoters.

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor is any proposed to be paid, allotted or given to any promoters in connection with the **[REDACTED]** and the related transactions described in this document.

G. Qualification of Experts

The qualifications of the experts, as defined under the Listing Rules, who have given opinions in this document, are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (Advising on Futures Contracts) and Type 6 (advising on Corporate Finance) regulated activities under the SFO
CMBC International Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
KPMG	Certified Public Accountants Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
King & Wood Mallesons	PRC Legal Advisors
AllBright Law Offices	Legal advisor as to PRC cybersecurity and data privacy protection laws

Name	Qualification
Hogan Lovells	International Sanctions Legal Advisor
China Insights Industry Consultancy Limited	Independent industry consultant

H. Consents of Experts

Each of the experts named in "5. Other Information–G. Qualification of Experts" above has given and has not withdrawn its written consent to the issue of this document with the inclusion of its report and/or letter and/or opinion and/or the references to its name included herein in the form and context in which it is respectively included.

As of the Latest Practicable Date, none of the experts named above had any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to **[REDACTED]** for or to nominate persons to **[REDACTED]**.

I. Taxation of Holders of H Shares

The **[REDACTED]** of H Shares are subject to Hong Kong stamp duty if such **[REDACTED]** is effected on the **[REDACTED]** of members of our Company, including in circumstances where such transaction is effect on the Stock Exchange. For further information in relation to taxation, see "Regulatory Overview."

J. Material and Adverse Change

Our Directors confirm that save as disclosed in "Summary — Recent Developments and Material Adverse Change — Operational and Financial Performance" in the document, there has been no material and adverse change in the financial or **[REDACTED]** position of our Group since December 31, 2024.

K. Binding Effect

This document shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

L. Related Party Transactions

Our Group entered into certain related party transactions within the two years immediately preceding the date of this document as mentioned in Note 33 to the Accountants' Report in Appendix I to this document.

M. Restriction on Share Repurchases

See Appendix III to this document for details.

N. Miscellaneous

Save as disclosed in this document:

(1) within the two years immediately preceding the date of this document:

(i) save as disclosed in this document, no share or loan capital of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Group is under option or is agreed conditionally or unconditionally to be put under option;

(iii) save as disclosed in the section headed "**[REDACTED]**," no **[REDACTED]**, discounts, **[REDACTED]** or other special terms have been granted or agreed to be granted in connection with the **[REDACTED]** of any share of our Group; and

(iv) save as disclosed in the section headed "**[REDACTED]**," no **[REDACTED]** has been paid or is payable for **[REDACTED]**, agreeing to **[REDACTED]**, procuring **[REDACTED]** or agreeing to procure **[REDACTED]** for any share in or debentures of our Company;

(2) there are no founder, management or deferred shares or any debentures in our Group;

(3) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(4) our Company has no outstanding convertible debt securities or debentures;

(5) there is no arrangement under which future dividends are waived or agreed to be waived;

(6) save as disclosed in the section headed "History, Development and Corporate Structure", none of our equity and debt securities is **[REDACTED]** or **[REDACTED]** with in any other stock exchange nor is any **[REDACTED]** or permission to **[REDACTED]** being or proposed to be sought;

(7) all necessary arrangements have been made to enable the H shares to be admitted into **[REDACTED]** for **[REDACTED]** and settlement; and

(8) no company within our Group is presently **[REDACTED]** on any stock exchange or **[REDACTED]** on any **[REDACTED]** system.

O. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(1) a copy of the material contract referred to in "2. Further Information about Our Business — A. Summary of Our Material Contract" in Appendix IV; and

(2) the written consents referred to in "5. Other information — H. Consents of Experts" in Appendix IV.

2. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at **www.keytop.com.cn** and on the website of the Stock Exchange at **www.hkexnews.hk** up to and including the date which is 14 days from the date of this document:

(1) the Articles of Association;

(2) the Accountants' Report from KPMG, the text of which is set out in Appendix I;

(3) the audited consolidated financial statements of our Group for the three years ended December 31, 2024;

(4) the report from KPMG relating to the unaudited **[REDACTED]** financial information, the text of which is set out in Appendix II;

(5) the material contract referred to in "2. Further Information about Our Business–A. Summary of Our Material Contract" in Appendix IV;

(6) the written consents referred to in "5. Other information — H. Consents of Experts" in Appendix IV;

(7) the contracts referred to in "3. Further Information about Our Directors–A. Particulars of Directors' Contracts" in Appendix IV;

(8) the legal opinions issued by King & Wood Mallesons, our PRC Legal Advisors, in respect of certain general corporate matters and our Group's business operations in the PRC;

(9) the PRC Company Law, the PRC Securities Law and 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) together with their unofficial English translations;

(10) the legal opinion issued by AllBright Law Offices in respect of PRC cybersecurity and data privacy protection laws;

(11) the legal memorandum issued by Hogan Lovells in respect of certain international sanctions matters; and

(12) the industry report issued by China Insights Industry Consultancy Limited.