OVERVIEW

We are an AI-enabled intelligent city cluster multi-modal transit product and solution provider in China. Our history can be traced back to 1992 when Mr. Liu founded his start-up business in technology industries with his business partners. Mr. Liu is a distinguished business leader with a proven track record. Under his leadership and management, we achieved stable and rapid development. In 2007, Mr. Liu acquired the control over Suntek Technology through PCI Group. In 2010 and 2013, the Single Largest Shareholder Group's high-quality ICT business was injected into our Company through the Share-trading Reform Plan (股權分置改革方案) and the Material Asset Restructuring. Since then, our Company had accelerated the pace in expanding business into the AI industry with technology iteration and upgrade. As of the Latest Practicable Date, our Company focused on the core business of providing intelligent urban rail transit solutions, intelligent urban transportation management solutions, and enterprise digital transformation solutions. According to Frost & Sullivan, based on 2024 revenue, we ranked first in the China urban rail station operation and management system market with a market share of 15.5%; and ranked among the top fifteen suppliers in China's urban intelligent transportation system market.

As of the Latest Practicable Date, Mr. Liu was entitled to collectively control 16.22% of the voting power at the general meetings of our Company, comprising (1) 3.13% beneficially owned by Mr. Liu directly, (2) 7.90% beneficially owned by PCI Group, which was in turn owned by Mr. Liu as to 92% and Hainan Huisi as to 8%, respectively, (3) 4.85% beneficially owned by Duilong PCI, which was owned by Mr. Liu and Hainan Huisi as to 95% and 5%, respectively, and (4) 0.34% beneficially owned by PCI Information, which was owned by Mr. Liu and Hainan Huisi as to 92% and 8%, respectively. Hainan Huisi was wholly owned by PCI Hong Kong, which was in turn wholly owned by Ms. Liu. Upon the [**REDACTED**], Mr. Liu will control [**REDACTED**]% of the voting power at the general meetings of our Company, comprising (1) [**REDACTED**]% beneficially owned by Mr. Liu directly, (2) [**REDACTED**]% beneficially owned by PCI Group, (3) [**REDACTED**]% beneficially owned by Duilong PCI, and (4) [**REDACTED**]% beneficially owned by PCI Information, assuming the [**REDACTED**] is not exercised. Therefore, Mr. Liu, Ms. Liu, PCI Group, Duilong PCI, PCI Information, Hainan Huisi and PCI Hong Kong constituted as of the Latest Practicable Date and will continue to constitute upon the [**REDACTED**] the Single Largest Shareholder Group. For details of the relationships between our Company with the Single Largest Shareholder Group, see "Relationship with our Single Largest Shareholder Group" in this document. For details of the biography of Mr. Liu, see "Directors and Senior Management — Board of Directors — Executive Directors" in this document.

BUSINESS MILESTONES

The following table illustrates our major business milestones:

Year	Major events and milestones
1992	Mr. Liu founded his start-up business in technology industries with his business partners, representing the start of our ICT business.
2004	By receiving the first order for the automatic fare collection system project of Guangzhou Metro (廣州地鐵) Line 4, we entered into intelligent urban rail transportation operations business.
2007	PCI Group acquired 27.21% of the issued share capital of Suntek Technology and became a Single Largest Shareholder and actual controller of Suntek Technology.
2013	PCI Zhitong and PCI Service Support, our then principal operating entities of intelligent urban rail transportation operations and ICT businesses, were injected into our Company.
2017	We established our Central Research Institute (中央研究院), and set up "Full-time Chief Scientist Leading Mechanism (全職首席科學家帶頭機制)".
	We released our Traffic Brain Cognitive Platform (城市交通大腦).
2019	We participated in the construction and operation and maintenance integration of electromechanical systems across 10 metro lines contemplated under Guangzhou's 13th Five-Year Plan, jointly building the world's first smart metro station with Guangzhou Metro.
	We developed the HuaJia Mos Intelligent Metro Brain (華佳Mos地鐵智慧大腦).
2021	We were named as a "Dual-Chain Leader" Company in Guangzhou's AI and rail transit industry chains (廣州人工智能和軌道交通產業鏈「雙鏈主」單位).
2023	We globally launched the PCI Knowledge-Practice TransGPT (佳都知行大模型).
	We were recognized as one of the first Strategic Industrial Cluster Leading Companies in Guangdong Province (廣東省首批戰略性產業集群鏈鏈主企業).
2025	We launched the TransHarmony (交通佳鴻), the first OpenHarmony-based operating system tailored specifically for the transportation industry.

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
PCI Zhitong	China	January 7, 2004	Intelligent rail transportation, integrated smart products, and network and cloud computing product integration and service business	100%
Guangdong Huazhiyuan	China	September 26, 2003	Urban rail transit public security communication systems, specialized communication systems, and video surveillance solutions	100%
PCI Electronics	China	August 11, 2021	Sales of electronic components, electronic products, rail transit engineering machinery and parts; retail and distribution of computer software, hardware, and auxiliary equipment	100%
Guangzhou PCI Technology	China	October 31, 2006	Integrated network and cloud computing product and service business	100%
Chongqing Xinke PCI	China	January 13, 2017	Integrated network and cloud computing product and service business	100%

OUR MAJOR SHAREHOLDING CHANGES

Our Business Prior to Material Asset Restructuring

Our history can be traced back to 1992 when Mr. Liu founded his start-up business in technology industries with his business partners in Guangzhou, China. Over the development of more than two decades, Mr. Liu's start-up business has expanded and diversified into various business, including intelligent rail transit systems, intelligent products, and IT integrated services.

In the early 2000s, Mr. Liu focused on the ICT business, which mainly involved the distribution business of electronic products. In the context of nationwide encouragement by the PRC government on enhancing the technological level of domestic urban rail transit equipment and to break foreign technological monopolies in late 1990s and the early 2000s, Mr. Liu realized that, without mastering core technologies, his business could only be positioned at the lower-end of an industry's value chain. Foreseeing the development bottlenecks in the distribution business of electronic products, Mr. Liu proactively sought to transform and upgrade his business into a technology-driven enterprise. With independent technological innovation in mind, Mr. Liu had continuously increased investment in the R&D of intelligent core technologies.

In January 2004, PCI Zhitong was founded under the name of Guangzhou Xinke PCI Technology & Service Co., Ltd. (廣州新科佳都科技有限公司), which was primarily focused on the intelligent rail transportation business. On March 30, 2004, a consortium was formed by PCI Zhitong, Singapore Technologies Electronics Limited (新加坡科技電子有限公司) and Guangzhou Haite Tiangao Information System Engineering Co., Ltd. (廣州海特天高信息系統工程有限公司) ("**Guangzhou Haite**", currently known as Guangzhou Astronautics Haite System Engineering Co., Ltd. (廣州航天海特系統工程有限公司)), which jointly participated in the bid for the Guangzhou Metro Line 4 Automatic Fare Collection System Procurement Contract (廣州市軌道交通四號線自動售檢票系統採購合同) (the "**2004 Project**"). Singapore Technologies Electronics Limited was principally engaged in the provision of automatic fare collection systems, ticket vending machines, ticket validation machines, and the software for automatic fare collection systems, and Guangzhou Haite was principally engaged in the provision of solutions and services in the field of intelligent transportation technology, focusing on national and urban traffic management, expressway electromechanical systems, and other related areas. At the relevant time, Singapore Technologies Electronics Limited held the entire equity interest in ST Engineering (Shanghai) Co., Ltd. (新鉶電子(上海)有限公司) ("**Singapore Technologies**"), which in turn held 51% of the equity interest of PCI Zhitong. Guangzhou Haite was an independent third party. Singapore Technologies Electronics Limited was a business partner which Mr. Liu became acquainted through the cooperation in the ICT business. At the relevant time, Guangzhou Haite was located in the same industrial park with PCI Zhitong, and Mr. Liu became acquainted with Guangzhou Haite through the introduction by the owner of the industrial park. The consortium won the bid and was responsible for supplying, testing, and providing services for the AFC system equipment to Guangzhou Metro Corporation (廣州地鐵集團有限公司). PCI Zhitong supplied AFC systems for 13 metro stations in the 2004 Project. The 2004 Project was completed in June 2007.

Since 2005, a rolling 3x3 strategic transformation plan (a nine-year transformation roadmap comprising three consecutive three-year phases) had been launched to complete the transformation from the distribution business to the development of self-owned core technologies, and entering the intelligent rail transportation industry in the PRC. In the early stage of such transformation plan, PCI Zhitong had invested RMB20.0 to RMB30.0 million annually in the R&D of technology for intelligent rail transportation. In 2009, PCI Zhitong had become the first enterprise in the PRC capable of mastering technologies in relation to, and the delivery of, such four core systems of intelligent metro operations as integrated monitoring systems, AFC systems, communication systems, and platform screen door system.

In 2013, PCI Zhitong had been injected into our Group through the Material Asset Restructuring to further enhance the development of our intelligent rail transportation business and to promote the brand influence of our intelligent products.

Prior to the Material Asset Restructuring, the businesses which were later succeeded by our Company, primarily including intelligent urban rail transportation operations and ICT businesses, were undertaken by PCI Service Support and PCI Zhitong, which were ultimately controlled and managed by Mr. Liu.

PCI Service Support

PCI Service Support was incorporated and owned by Mr. Liu's then close associate and an independent third party as to 60% and 40%, respectively, in November 1999. PCI Service Support is mainly engaged in the provision of IT operations and maintenance services.

Through a series of equity transfers, in October 2008, PCI Group acquired the entire equity interest in PCI Service Support and became the sole shareholder of PCI Service Support.

On December 27, 2012, Duilong PCI and Mr. Liu acquired 85% and 15% of the equity interest in PCI Service Support from PCI Group, respectively.

Immediately prior to the Material Asset Restructuring, the shareholding structure of PCI Service Support, was as follows:

Name of Shareholder	**Amount of registered capital**	**Approximate percentage of registered capital**
	(RMB)	*(%)*
Duilong PCI	8,500,000	85
Mr. Liu	1,500,000	15
Total	**10,000,000**	**100**

PCI Zhitong

PCI Zhitong was founded in January 2004 under the name of Guangzhou Xinke PCI Technology & Service Co., Ltd., and owned by Singapore Technologies, Pacific City International Holdings Limited (佳都國際控股有限公司) and PCI Group, as to 51%, 25% and 24%, respectively, which was a leading ICT product service provider in the PRC. Pacific City International Holdings Limited was controlled by Mr. Liu and Singapore Technologies was an independent third party, respectively.

On March 29, 2010, PCI Group acquired 51% of the equity interests in PCI Zhitong from Singapore Technologies. Upon completion, Singapore Technologies ceased to be a shareholder of PCI Zhitong.

On June 21, 2010, PCI Group and Guangzhou PCI Investment Co., Ltd. (廣州佳都投資有限公司) ("**PCI Investment**") acquired 23% and 2% of the equity interest in PCI Zhitong from Pacific City International Holdings Limited, respectively. PCI Investment was wholly owned by PCI Group. Upon completion, Pacific City International Holdings Limited ceased to be a shareholder of PCI Zhitong.

On December 27, 2012, Duilong PCI acquired 85% of the equity interest in PCI Zhitong from PCI Group, and Mr. Liu acquired 13% and 2% of the equity interest in PCI Zhitong from PCI Group and PCI Investment, respectively.

Immediately prior to the Material Asset Restructuring, the shareholding structure of PCI Zhitong, was as follows:

Name of Shareholder	Amount of registered capital	Approximate percentage of registered capital
	(RMB)	*(%)*
Duilong PCI	42,500,000	85
Mr. Liu	7,500,000	15
Total	**50,000,000**	**100**

Guangzhou Gaoxin Supply Chain Management Service Co., Ltd. (廣州高新供應鏈管理服務有限公司) ("Guangzhou Gaoxin Supply Chain")

Guangzhou Gaoxin Supply Chain was founded in January 2005, the predecessor of which was the Import and Export Service Department of PCI Group's Electronic Distribution Business Unit. Upon incorporation, it was wholly owned by PCI Group. Guangzhou Gaoxin Supply Chain was a leading international supply chain management service business of ICT enterprises. Immediately prior to the implementation of the Share-trading Reform Plan in 2010, the shareholding structure of Guangzhou Gaoxin Supply Chain was as follows:

Name of Shareholder	Amount of registered capital	Approximate percentage of registered capital
	(RMB)	*(%)*
PCI Group	10,000,000	100
Total	**10,000,000**	**100**

Acquisition of Control over Suntek Technology by PCI Group in 2007

Prior to acquisition of control by PCI Group, Suntek Technology, a company listed on the Shanghai Stock Exchange and our predecessor, was primarily engaged in software development and information system integration.

Having noted the opportunity to acquire the control over Sunteck Technology in 2007, Mr. Liu and PCI Group considered that the integration of Suntek Technology's original business with our then intelligent urban rail transportation operations and ICT businesses could leverage the synergy effect while realizing our listing plan in an efficient manner. Therefore, on December 10, 2007, PCI Group acquired 56,648,594 shares of Suntek Technology, representing 27.21% of Suntek Technology's total issued share capital, from Suntek Technology's then largest shareholder which was independent from Mr. Liu and PCI Group, through an public auction at a consideration of RMB71.4 million (the "**2007 Acquisition**"). On December 25, 2007, the equity transfer was completed, and PCI Group became the largest shareholder of Sunsek Technology.

Restructuring Prior to Material Asset Restructuring

On March 11, 2009, China Merchants Bank (招商銀行) filed a liquidation application against Suntek Technology as Suntek Technology was not able to repay the overdue debts. The People's Court of Panyu District, Guangzhou (廣州市番禺區人民法院) decided on March 17, 2009 that Suntek Technology shall enter the restructuring process. On November 3, 2009, a restructuring plan for Suntek Technology (the "**Restructuring Plan**") was approved by the People's Court of Panyu District, Guangzhou, according to which, among others, a total of 16,302,599 shares of Suntek Technology were gifted by the then Shareholders and sold for cash for repayment of the debts. On September 6, 2010, the implementation of the Restructuring Plan was completed.

With a view to resolving the historical issue that certain shares of Suntek Technology were unlisted and their fair value was discounted due to lack of liquidity as compared to the listed shares, in February 2010, the then shareholders of Suntek Technology resolved to implement the Share-trading Reform Plan, according to which, among others, (1) PCI Group gifted its 100% equity interest in Guangzhou Gaoxin Supply Chain, and Guangzhou Panyu Communication Pipe Construction Investment Co., Ltd. (廣州市番禺通信管道建設投資有限公司) ("**Panyu Pipe**"), our then second largest shareholder, gifted RMB60.0 million in cash to Suntek Technology, respectively; (2) PCI Group committed to inject high-quality ICT business into Suntek Technology within 36 months upon completion of the Share-trading Reform Plan; and (3) through capital reserve capitalization, the Shares held by PCI Group, Panyu Pipe and PCI Information were increased in proportion to their respective equity interest in our Company with the issuance of 5.5 Shares for each 10 Shares, and the A Shares held by the holders of listed shares were increased in proportion to their respective equity interest in our Company with the issuance of 9 Shares for each 10 Shares. On March 22, 2010, PCI Group transferred 3,548,387 shares in Suntek Technology to PCI Information. In June 2010, in accordance with the Share-trading Reform Plan, PCI Group and PCI Information were issued 26,401,008 and 1,951,613 shares of Suntek Technology, respectively. On June 9, 2010, all our unlisted Shares became listed on the Shanghai Stock Exchange, among which 170,672,338 Shares were subject to lock-up restriction for a period of 12 to 36 months. On March 30, 2012, the name of Suntek Technology was changed to PCI Suntek Technology Co., Ltd. (佳都新太科技股份有限公司). Upon completion of the Share-trading Reform Plan and the expiry of the lock-up period on June 26, 2013, all of the 170,672,338 Shares subject to lock-up restriction could be traded on the Shanghai Stock Exchange.

Material Asset Restructuring in 2013

On March 19, 2013, April 15, 2013 and September 30, 2013, in order to fulfill the commitments of injecting high-quality ICT business into Suntek Technology under the Share-trading Reform Plan, Duilong PCI and Mr. Liu, being the then-shareholders of PCI Service Support and PCI Zhitong (PCI Service Support and PCI Zhitong are collectively referred to as the "**Injected Business**"), entered into a series of asset purchase agreement and supplemental agreements (the "**Asset Purchase Agreements**") with our Company to implement the Material Asset Restructuring.

The Material Asset Restructuring was implemented by way of issuance of A Shares and settlement in cash by our Company to Duilong PCI and Mr. Liu for the acquisition of 100% of the equity interests of our Injected Business, such that upon completion of the Material Asset Restructuring, our Company held the entire equity interest in our Injected Business. The total consideration for the acquisition of the entire equity interest in our Injected Business was RMB1,075,691,100, determined with reference to the respective valuation of PCI Service Support and PCI Zhitong's entire equity interest at RMB138,081,500 and RMB995,609,600 as of December 31, 2012 based on the valuation reports issued by an independent professional valuer and as adjusted by the amount of profit distribution of RMB58,000,000 declared by the Injected Business thereafter. 85% of the consideration was settled by the issuance of a total of 102,850,105 A Shares to PCI Group and Mr. Liu, with the remaining 15% of the consideration settled in cash. The source of fund for cash settlement was satisfied by the proceeds raised in a private placement implemented in December 2013 in parallel with the Material Asset Restructuring. On December 24, 2013, our Company completed the private placement (the "**2013 Private Placement**") of 34,116,431 A Shares to four investors, which were all independent third parties, at a price of RMB10.51 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the subscription price quotes made by potential investors), raising net proceeds of approximately RMB342.5 million, among which RMB161.4 million was used for settling the consideration for acquiring the equity interest in our Injected Business. After the Material Asset Restructuring, we had continued to carry out Sunteck Technology's software development and information system integration business.

Following completion of the Material Asset Restructuring and the 2013 Private Placement in December 2013, the shareholding structure of our Company was as follows:

Name of Shareholder	Number of A Shares	Approximate percentage of shareholding
	(RMB)	*(%)*
Duilong PCI	84,700,086	16.95
PCI Group	76,444,627	15.30
Mr. Liu	18,150,019	3.63
PCI Information	2,699,167	0.54
Other Shareholders	317,772,975	63.58
Total	**499,766,874**	**100**

Private Placement of A Shares in January 2016

Upon the approval from our Shareholders in November 2014, September 2015 and November 2015, and from the CSRC in December 2015, on January 18, 2016, our Company completed the private placement of 84,745,763 A Shares to four investors, which were all independent third parties, at a price of RMB12.98 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the subscription price quotes made by potential investors), raising net proceeds of approximately RMB1,090.0 million. The net proceeds raised from the private placement were used for supplementing our Company's working capital.

Following completion of the aforementioned A Shares placement in January 2016, our Company was owned by Duilong PCI, PCI Group, Mr. Liu, PCI Information and other Shareholders as to 14.49%, 12.20%, 3.19%, 0.46% and 69.66%, respectively.

Private Placements of A Shares for Acquisition of Guangdong Huazhiyuan in 2016 and 2017

Guangdong Huazhiyuan was a leading provider of urban rail transit communication system and video system solutions in China, the acquisition of which could strategically expand our business into the relevant field. In November 2015, our Company acquired 51% of the equity interest in Guangdong Huazhiyuan at a consideration of RMB220.0 million, which was settled in cash. In order to finance the acquisition of the remaining 49% equity interest, upon the approval from our Shareholders in April 2016, and from the CSRC in June 2016, our Company respectively:

(1) completed the private placement of an aggregate of 24,600,244 A Shares to Xinyu Zhuoen Investment Management Center (Limited Partnership) (新余卓恩投資管理中心（有限合夥）) ("**Xinyu Zhuoen**"), Xu Jiaoyuan (許教源) and He Huaqiang (何華強), which were all the then minority shareholders of Guangdong Huazhiyuan, at a price of RMB8.13 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the impact of capital reserve capitalization in April 2016), as settlement of part of the consideration; and

(2) completed the private placement of an aggregate of 25,126,728 A Shares to four investors, which were all independent third parties, at a price of RMB8.68 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the subscription price quotes made by potential investors and the impact of capital reserve capitalization in April 2016), raising net proceeds of approximately RMB208.1 million. The net proceeds raised from the private placement were used for settling the consideration, construction of police video cloud application platform projects and capital injection into Guangdong Huazhiyuan.

Following completion of the aforementioned A Shares placements in February 2017, our Company was owned by Duilong PCI, PCI Group, Mr. Liu, PCI Information and other Shareholders as to 13.37%, 10.46%, 4.17%, 0.44% and 71.16%, respectively.

Issuance of Convertible Bonds in 2019

On December 19, 2018, our Company conducted a public issuance of convertible bonds (the "**PCI Convertible Bonds**") in the principal amount of RMB874.7 million with a maturity period of 6 years, which was listed on the Shanghai Stock Exchange. Pursuant to the listing document of the PCI Convertible Bonds, the convertible bonds shall be convertible into A Shares at a specified conversion price as stipulated in the listing document during the period from June 25, 2019 to December 18, 2024. On April 8, 2020, our Company resolved to exercise its conditional redemption rights under the PCI Convertible Bonds to redeem all outstanding PCI Convertible Bonds at the time at face value plus accrued interests. Up to the date of completion of the redemption on April 8, 2020, our Company's share capital increased by 133,394,173 A Shares to 1,752,184,097 A Shares as a result of the exercise of conversion right under the PCI Convertible Bonds.

Private Placement of A Shares in January 2023

Upon the approval from our Shareholders and the CSRC in 2022, we conducted a private placement of its A Shares to raise funds for our various development initiatives, including the R&D projects of core technology and open platforms for digital twin computing, and for our working capital needs. 396,334,048 A Shares were eventually placed in the private placement to 17 investors, which were all independent third parties, at a price of RMB4.61 per A Share, which was determined with reference to various factors (including the average share price for the 20 trading days prior to the date of pricing and the subscription price quotes made by potential investors), raising net proceeds of approximately RMB1,814.1 million.

Following completion of the aforementioned A Shares placement in January 2023, our Company was owned by PCI Group, Duilong PCI, Mr. Liu, PCI Information and other Shareholders as to 7.80%, 4.78%, 3.09%, 0.33% and 84.00%, respectively.

There have been several instances of share capital changes of our Company as a result of the repurchase and/or issuance of A Shares and cancellation of restricted A Shares by our Company for employee incentive purpose. For details of the repurchase of A Shares and cancellation of restricted A Shares by our Company within the two years immediately preceding the date of this document, see "Statutory and General Information — 1. Further Information about our Company — B. Changes in the Share Capital of our Company" in Appendix IV to this document.

As advised by our PRC Legal Advisor, all necessary regulatory approvals and permits required under PRC laws and regulations in relation to the Restructuring Plan and the Material Asset Restructuring have been obtained; and the Restructuring Plan and the Material Asset Restructuring have complied with the then applicable PRC laws and regulations in all material respects.

MATERIAL ACQUISITION, DISPOSAL AND INVESTMENT

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

2024 EMPLOYEE SHAREHOLDING SCHEME

In recognition of the contributions of our management team and key employees, we adopted the 2024 Employee Shareholding Scheme on January 3, 2025, pursuant to which in January 2025, 37 grantees acquired 7,490,000 A Shares, all of which were satisfied by the A Shares repurchased by our Company on the secondary market, representing 0.35% of the issued share capital of our Company as of the Latest Practicable Date. See "Statutory and General Information — 3. Further Information about Our Directors — C. 2024 Employee Shareholding Scheme" in Appendix IV in this document for further details. No further award will be granted pursuant to the 2024 Employee Shareholding Scheme.

COMPLIANCE RECORD WITH THE RULES AND REQUIREMENTS OF THE CSRC AND THE SHANGHAI STOCK EXCHANGE

In October 2015, our Company received a decision letter issued by the Shanghai Stock Exchange (the "**2015 Regulatory Letter**") for failure of our Board to consider and resolve on the capital reserve capitalization proposal from the controlling shareholder in a timely manner and the Shanghai Stock Exchange decided to issue regulatory attention (監管關注) to the then Board members (including Mr. Liu) (the "**Capitalization Incident**").

In May 2018 and August 2018, our Company and certain responsible officers, including Liang Ping (梁平) (our then Director and president), You Anlong (尤安龍) (our then Board secretary) and Wang Shuhua (王淑華) (the then chief financial officer of our Company), received warning letters issued by the Guangdong Supervisory Bureau of the CSRC (中國證券監督管理委員會廣東監管局) (the "**CSRC Guangdong Bureau**") and a supervisory decision letter issued by the Shanghai Stock Exchange (the "**2018 Regulatory Letters**") for failure to disclose the related party transactions in a timely manner and inappropriate approval procedures for provision of guarantees to a related party (the "**RPT Incidents**").

The Capitalization Incident occurred due to inaccurate interpretation of our then Board members, relevant officers and employees on the requirements of the Shanghai Stock Exchange on timely and diligently resolving on the material matters by the board of directors. Subsequent to the Capitalization Incident, our Company had taken the following rectification and enhancement measures: (i) enhancing our communication with the controlling shareholder, and (ii) arranging responsible personnel to communicate and explain our Company's public information disclosure policies to the Board members. The RPT Incidents occurred due to unfamiliarity of our relevant responsible officers and employees with (i) the rules and guidance issued by the regulators in connection with identification, disclosure and approval of related party transactions and (ii) the rules' application in certain scenario that were less frequently seen. Subsequent to the RPT Incidents, our Company had taken the following rectification and enhancement measures: (i) conducting internal reviews on the disclosure-related internal policies, such as Subsidiary Management Internal Control Policies (子公司管理內控制度), and (ii) in May 2018, engaging an external expert to provide trainings covering different topics including related party transactions, and provision of guarantees to related parties to the relevant officers.

Our Directors consider that the above non-compliance incidents are not material, having considered that (1) the oversights were inadvertent with no involvement of any fraudulent or dishonest act; (2) with respect to the Capitalization Incident, notwithstanding the delay on approval by the then Board, our Company had timely made a public announcement on the capital reserve capitalization proposal underlying the Capitalization Incident upon receipt of the proposal, and the proposal itself was fair, reasonable, in the interest of all Shareholders and approved by the then Board and our Shareholders; (3) with respect to the RPT Incident, all relevant related party transactions were with commercial substance and on commercially reasonable terms, and neither our nor our Shareholders' interest was damaged as a result of the related party transactions; (4) subsequent to the incidents, our Company took rectification and enhancement measures. During the Track Record Period, such measures were well placed and no recurrence of similar incidents was identified. It is also noted that, as of the Latest Practicable Date, the then Board members named in the 2015 Regulatory Letter (except for Mr. Liu) and the responsible officers named in the 2018 Regulatory Letters have no longer served at our Group. As of the Latest Practicable Date, none of the responsible officers involved in the RPT Incidents remain employed by our Group; (5) as advised by our PRC Legal Advisor, the issuances of the warning letters and the supervisory letters by the CSRC Guangdong Bureau and the Shanghai Stock Exchange to our Company, the then Board members and/or the responsible officers (as the case may be) constituted regulatory measures, which are less severe in legal nature as compared with administrative penalties and legal actions; (6) no monetary fine or other penalty was imposed on our Company as a result of the incidents and hence such incidents did not have any material adverse impact on our Company's operations or financial position; (7) the incidents had been concluded long before the commencement of the Track Record Period and there has not been any further regulatory request to or action against our Company or Mr. Liu from the Shanghai Stock Exchange, the CSRC or other competent authorities as to such incidents. For the foregoing reasons and having particularly considered that (1) the Capitalization Incident was inadvertent and there was no dishonesty, fraud or integrity-related issues from Mr. Liu, (2) as advised by our PRC Legal Advisor, the regulatory attention is a regulatory measure in legal nature rather than a disciplinary action, an administrative penalty or a legal action; the regulatory attention issued to Mr. Liu was less severe as compared with disciplinary actions, administrative penalties and legal actions, and Mr. Liu has not been imposed on any restriction or probibition from serving as a director by the Shanghai Stock Exchange, the CSRC or other competent authorities; such regulatory measure has not had and will not have any negative implication on the competency or suitablility of Mr. Liu, and (3) Mr. Liu has attended relevant trainings to improve his understanding on the rules of the Shanghai Stock Exchange after the Capitalization Incident, our Directors are of the view that, and the Joint Sponsors concur, the Capitalization Incident would not affect his suitability as our Director under Rules 3.08 and 3.09 of the Listing Rules. As further advised by our PRC Legal Advisor, the incidents did not involve any fraud or dishonesty of our Directors and did not have material adverse impact on the management and operation of our Company; we had complied with the rules and requirements of the CSRC and the Shanghai Stock Exchange in all material respects, and save for the abovementioned incidents, we had not been subject to any regulatory measures, disciplinary actions, administrative penalties or legal actions by the CSRC, the Shanghai Stock Exchange or other competent securities regulatory authorities, from the completion of the Material Asset Restructuring and up to the Latest Practicable Date.

REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

To further enhance our comprehensive competitiveness, optimize our international brand image, accelerate the implementation of our internationalization strategy, and strengthen our overseas financing, we plan to be **[REDACTED]** on the Hong Kong Stock Exchange. We endeavor to expand our overseas business, optimize our capital structure and shareholder composition, and improve corporate governance and core competitiveness. We currently intend to use the **[REDACTED]** from the **[REDACTED]** to advance our R&D efforts and enhance our technological capabilities, enhance our customer service and support capabilities, pursue strategic investment and acquisition opportunities, and supplement working capital and other general corporate purposes. For more details, see "Business — Our Strategies" and "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this document.

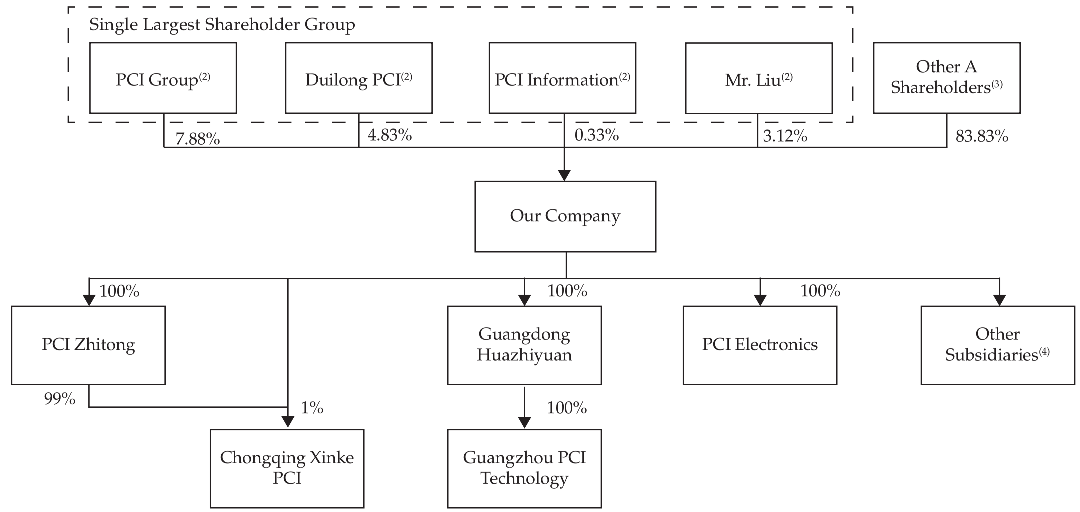
[REDACTED]

We confirm that we will comply with the minimum **[REDACTED]** float percentage requirement under Rules 19A.13A(2) of the Listing Rules upon **[REDACTED]**. Assuming an **[REDACTED]** of HK$**[REDACTED]**, HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, being the low-end, mid-point and high-end of the indicative **[REDACTED]** range in this document, the minimum prescribed **[REDACTED]** applicable to our Company as required under the Listing Rules is **[REDACTED]**% (assuming the **[REDACTED]** is not exercised). So far as our Directors are aware, all **[REDACTED]** H Shares to be **[REDACTED]** pursuant to the **[REDACTED]**, representing (i) **[REDACTED]**% of our Company's total issued share capital immediately upon the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and having included the treasury Shares) and (ii) **[REDACTED]**% of our Company's total issued share capital immediately upon the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and excluding the treasury Shares), will be counted towards the **[REDACTED]** for the purpose of Rule 19A.13A(2) of the Listing Rules. Accordingly, we will maintain a sufficient **[REDACTED]** at the time of the **[REDACTED]** as required under Rule 19A.13A(2) of the Listing Rules.

[REDACTED]

CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

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



Notes:

(1) The share percentages presented in this corporate structure chart refer to the equity interest held by the relevant shareholder(s) in the relevant entity.

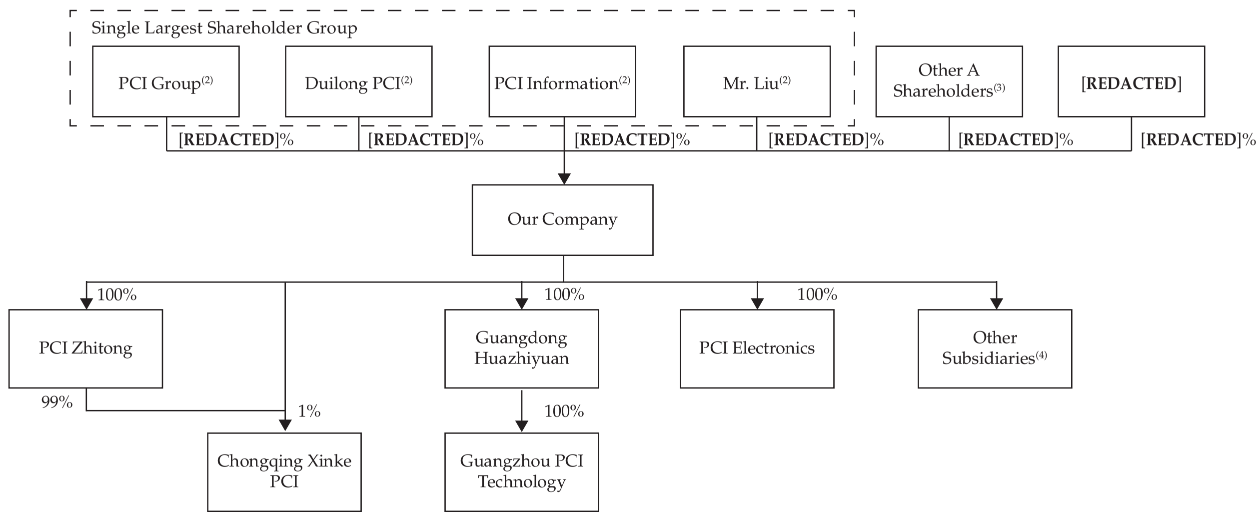
(2) As of the Latest Practicable Date, each of Mr. Liu, Ms. Liu, PCI Group, Duilong PCI, PCI Information, Hainan Huisi and PCI Hong Kong was a member of Single Largest Shareholder Group. PCI Group was owned by Mr. Liu and Hainan Huisi as to 92% and 8%, respectively. Duilong PCI was owned by Mr. Liu and Hainan Huisi as to 95% and 5%, respectively. PCI Information was owned by Mr. Liu and Hainan Huisi as to 92% and 8%, respectively. Hainan Huisi was wholly owned by PCI Hong Kong, which was wholly owned by Ms. Liu. See "Relationship with our Single Largest Shareholder Group" for more details of the relationship among Mr. Liu, Ms. Liu, PCI Group, Duilong PCI, PCI Information, Hainan Huisi and PCI Hong Kong.

(3) Among such shareholders, Mr. Liu Jia (劉佳) is our executive Director and senior vice president. As of the Latest Practicable Date, Mr. Liu Jia directly held 0.03% of the issued share capital of our Company.

(4) For the details of other subsidiaries, please refer to Note 1 to 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]**, without taking into account any H Share which may be issued upon the exercise of the **[REDACTED]**:



Notes:

(1)-(4) Please refer to the notes to the charts set out in "Corporate structure immediately prior to the **[REDACTED]**" above.