Sun Car Insurance Agency Co., Ltd.*

盛世大聯保險代理股份有限公司

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

Stock Code : 1879

GLOBAL OFFERING

Joint Sponsors

中國銀河國際 CHINA GALAXY INTERNATIONAL   CICC 中金公司

Joint Global Coordinators and Joint Bookrunners

中國銀河國際 CHINA GALAXY INTERNATIONAL   CICC 中金公司   招銀国际 CMB INTERNATIONAL

Joint Bookrunners

建银国际 CCB International   農銀國際 ABC INTERNATIONAL   華泰金控 HUATAI FINANCIAL   中泰國際 ZHONGTAI INTERNATIONAL   兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL   國泰君安國際 GUOTAI JUNAN INTERNATIONAL

*For identification purposes only

***IMPORTANT:** If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.*

Sun Car Insurance Agency Co., Ltd.*
盛世大聯保險代理股份有限公司

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**42,626,600 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**4,262,800 H Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**38,363,800 H Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	**:**	**HK$30.80 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
Stock code	**:**	**1879**

Joint Sponsors

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建银国际 CCB International

農銀國際 ABC INTERNATIONAL

華泰金控 HUATAI FINANCIAL

中泰國際 ZHONGTAI INTERNATIONAL

兴证国际 INDUSTRIAL SECURITIES INTERNATIONAL

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VIII — Documents Delivered to the Registrar of Companies and Available for Inspection," has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or about Friday, March 22, 2019, and in any event, not later than Monday, March 25, 2019 or such other date as agreed by the parties to the Price Determination Agreement. The Offer Price will be not more than HK$30.80 per Offer Share and is expected to be not less than HK$23.00 per Offer Share, unless otherwise announced.

If, for any reason, the Offer Price is not agreed by Monday, March 25, 2019 between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company or such other date as agreed by the parties to the Price Determination Agreement, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

The Joint Representatives (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.auto1768.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, see "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares."

We are incorporated, and substantially all of our businesses are located, in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the PRC and Hong Kong and that there are different risk factors relating to investments in PRC-incorporated companies. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our H Shares. Such differences and risk factors are set out in "Risk Factors", "Regulatory Overview", "Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions" and "Appendix VI — Summary of the Articles of Association." Prior to making an investment decision, potential investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Representatives (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Further details of such circumstances are set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in accordance with Regulation S.

* *For identification purposes only*

March 19, 2019

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.auto1768.com****.*

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Friday, March 22, 2019
Application lists open[3]	11:45 a.m. on Friday, March 22, 2019
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, March 22, 2019
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, March 22, 2019
Latest time to complete payment of **White Form eIPO** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, March 22, 2019
Application lists close[3]	12:00 noon on Friday, March 22, 2019
Expected Price Determination Date[5]	Friday, March 22, 2019

(1) Announcement of:

- the Offer Price;
- an indication of the level of interest in the International Offering;
- the level of applications in Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares

to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.auto1768.com** on or before	Thursday, March 28, 2019

(2) Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see "How to Apply for the Hong Kong Offer Shares — 11. Publication of Results") from . . . . Thursday, March 28, 2019

(3) Announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the websites of the Stock Exchange at **www.hkexnews.hk**[6] and our Company at **www.auto1768.com**[7] from . . . . Thursday, March 28, 2019

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . Thursday, March 28, 2019

Dispatch of H Share certificates or deposit of H Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[8] . . . . Thursday, March 28, 2019

Dispatch of **White Form e-Refund** payment instructions/refund checks in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application on or before . . . . Thursday, March 28, 2019

Dealings in H Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . Friday, March 29, 2019

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated.

(2) You will not be permitted to submit your application under the **White Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, March 22, 2019, the application lists will not open and close on that day. See "How to Apply for the Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists."

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to "How to Apply for the Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS."

(5) The Price Determination Date is expected to be on or around Friday, March 22, 2019 and, in any event, no later than Monday, March 25, 2019, or such other date as agreed by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company. If, for any reason the Offer Price is not agreed by the parties to the Price Determination Agreement by Monday, March 25, 2019, or such other date as agreed by such parties, the Global Offering will not proceed and will lapse.

(6) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.auto1768.com**.

(7) None of the websites or any of the information contained on the website forms part of this prospectus.

(8) H Share certificates are expected to be issued on Thursday, March 28, 2019 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at 8:00 a.m. on Friday, March 29, 2019. Investors who trade H Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely of their own risk.

The above expected timetable is a summary only. You should read carefully "Underwriting", "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" sections for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares, and the expected timetable, including conditions, effect of bad weather and the dispatch of refund checks and H Share certificates.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by Sun Car Insurance Agency Co., Ltd. solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the Hong Kong Offer Shares offered by this prospectus. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We and the Relevant Persons have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information not included or representation not made in this prospectus must not be relied on by you as having been authorized by us or any of the Relevant Persons. The contents of the Company's websites do not form part of this prospectus.

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This summary aims to give you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors". You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined in "Definitions" and "Glossary."

OVERVIEW

We are a leading professional automobile insurance agency and B2B integrated automobile after-sales service provider in China. We ranked first among both (i) professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, and (ii) B2B integrated automobile after-sales service providers in China in terms of sales revenue in 2017, according to the Frost & Sullivan Report. Capitalizing on our leading market position in the professional automobile insurance agency and the B2B integrated automobile after-sales service markets, we aspire to become the leading one-stop service platform for car owners in China.

Since our inception in 2007, we have amassed ample experience in the automobile after-sales service industry and experience in perceiving and serving the expanding needs of automobile owners. Riding on the increasing prevalence of mobile Internet which brings customer traffic to traditional brick-and-mortar stores for automobile services, we introduced our insurance app and butler apps in 2014 and 2015, respectively, which greatly facilitate and popularize our services under the insurance agency business and the automobile butler services business. Since then, our business has displayed remarkable trajectory of growth.

We operate our insurance agency business and automobile butler services business primarily through a "Business to Business to Consumer," or B2B2C, model. For our insurance agency business, we primarily offer automobile insurance products underwritten by major insurance companies in China to insurance purchasers and generate revenue by receiving commissions from these insurance companies, typically based on a percentage of the premium paid by insurance purchasers. The insurance policies are underwritten by insurance companies directly, and we are not a party to the insurance policy or other agreements with the purchasers of the policies. In 2015, 2016, 2017 and the nine months ended September 30, 2018, we sold more than 260,000, 480,000, 730,000 and 1,200,000 insurance policies with an aggregate premium of approximately RMB0.8 billion, RMB1.3 billion, RMB2.2 billion and RMB2.7 billion, and achieved revenue of RMB153.7 million, RMB306.2 million, RMB607.8 million and RMB776.0 million from our insurance agency business, representing 64.4%, 67.8%, 74.4% and 74.7% of our total revenue from our continuing operations, respectively. For the same periods, our overall average commission rate was 18.4%, 23.4%, 27.7% and 28.5%, respectively. We sell insurance policies primarily through a network of external referral sources, which comprised more than 18,000 referral service providers, more than 2,000 external registered sales representatives and 57 strategic channel partners as of September 30, 2018, as well as through our in-house sales force. Through our omni-channel marketing network, we achieved rapid geographical expansion in our business coverage from four cities in 2015 to 10 cities in 2016 and 17 cities in 2017 and further to 23 cities by September 2018. As of September 30, 2018, we had branch coverage in 27 cities in 20 provinces, autonomous regions and municipalities in China (of which four have yet to have business contributions) and had established collaborative relationships with 59 insurance companies and approximately 320 of their branches in China.

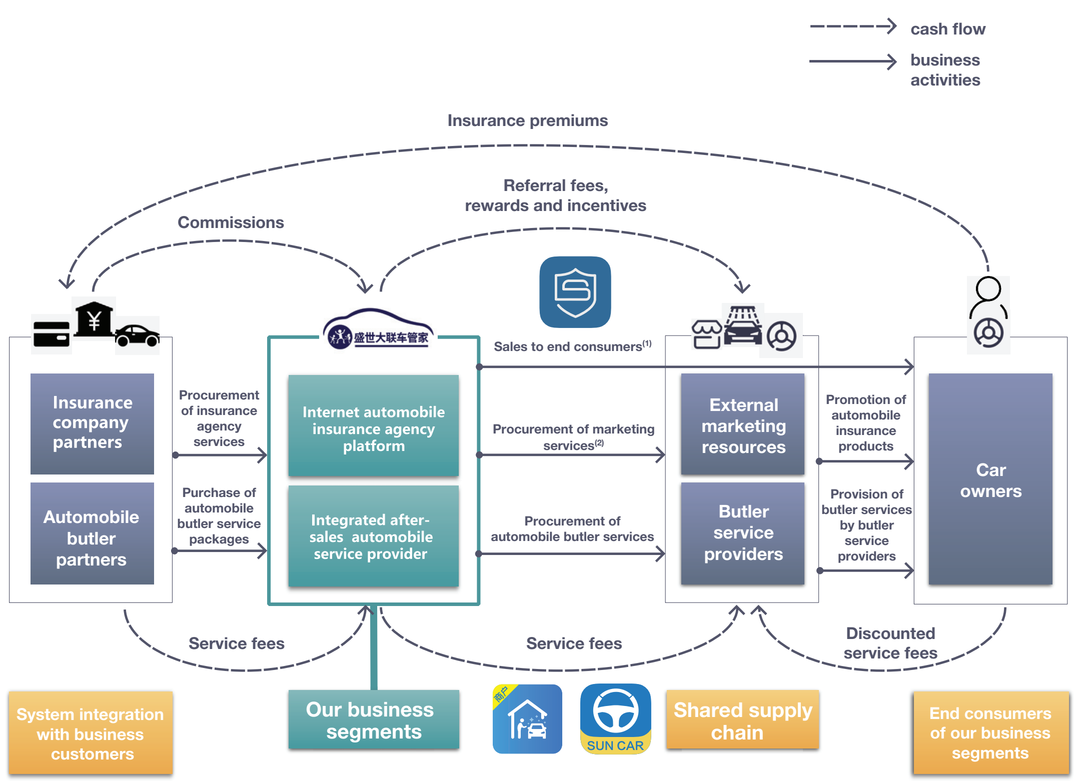
We operate our automobile butler services business through offering customized automobile butler service packages to our butler partner customers, which are primarily major banks and insurance companies purchasing these service packages for enjoyment by members of their reward programs or customer loyalty programs, and generate revenue by receiving service fees from our butler partner customers. The automobile butler service packages we offer typically include car wash and beauty, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistance and breakdown services, which are provided in collaboration with our butler service providers (typically third-party automobile after-sales service providers). We generated revenue of RMB85.1 million, RMB145.5 million, RMB209.0 million and RMB263.3 million from our automobile butler services business in 2015, 2016, 2017 and the nine months ended September 30, 2018, representing 35.6%, 32.2%, 25.6% and 25.3% of our total revenue from our continuing operations for the same periods. As of September 30, 2018, we had established a service network of more than 18,000 brick-and-mortar butler service providers that spreaded over more than 2,000 districts and counties in more than 300 cities in 31 provinces, autonomous regions and municipalities in China. In addition, we collaborated with 115 car services, leasing and roadside assistance companies as of September 30, 2018. Our extensive service network enabled us to serve more than 200 institutional customers in terms of contract counterparties as of the same date.

We have a strong research and development team and continuously invest in technology. Leveraging our proprietary technologies, we have established Internet and mobile app-based service platforms to empower the operations of both of our business segments. For our insurance agency business, we have established an online automobile insurance data interaction system embedded in our insurance desktop and mobile apps, which provide real-time quotes of various automobile insurance products from different insurance companies. For our automobile butler services business, we have developed our proprietary butler apps and the automobile butler service modules imbedded in various mobile apps of our butler partners, which enables encrypted real-time data interaction among our butler partners, our butler service providers and us. Customers of our butler partners can redeem rewards or claim loyalty benefits online through their mobile devices, and enjoy a variety of automobile after-sale services offline, thereby realizing a seamless online-to-offline service process.

During the Track Record Period, both of our business segments experienced strong growth. Our revenue grew from RMB238.8 million in 2015 to RMB451.7 million in 2016 and further to RMB816.8 million in 2017, representing a CAGR of 84.9% from 2015 to 2017. Our net profit grew from RMB29.1 million in 2015 to RMB47.6 million in 2016 and further to RMB77.7 million in 2017, representing a CAGR of 63.4% from 2015 to 2017. For the nine months ended September 30, 2018, we generated revenue of RMB1,039.3 million and net profit of RMB82.1 million, representing a 115.2% and 122.9% increase, respectively, compared to that for the same period in 2017.

OUR BUSINESS MODEL AND BUSINESS SEGMENTS

We are principally engaged in the insurance agency business and automobile butler services business. We operate both of our business lines primarily through a B2B2C model. See "Business — Our Business Model and Business Segments." The diagram below demonstrates the business model of our insurance agency business and automobile butler services business:



(1) In the case of in-house sales force

(2) In the case of external referral sources

OUR COMPETITIVE STRENGTHS

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

- Leading market position;
- Strong technology capabilities;
- Extensive automobile after-sales service network;
- Stable and quality customers;
- Capabilities to build comprehensive automobile after-sales service platforms; and
- Visionary and experienced management team.

OUR STRATEGIES

We plan to further implement the following strategies:

- Build a mutually beneficial integrated auto use ecosystem;
- Explore the B2C business model and promote brand recognition;
- Advance the presence of our automobile after-sales service network;
- Continue to develop automobile insurance marketing channels and expand our omni-channel marketing network;
- Further enhance our technology capabilities; and
- Pursue strategic alliance, investment and acquisition opportunities.

The budgeted expenditure for the implementation of our strategies are based on a five-year development plan and are currently planned to be utilized mostly with a three to five year time frame. As we had not conducted any equity fund raising since July 2016 and has been relying on our business profits and bank borrowings to fund our business growth and IT infrastructure developments, our relatively tight operating cash flow has been a major constraint to pursue a more progressive expansion and business growth or venture into emerging and promising business areas (such as B2C butler services), let alone conducting advertising and marketing activities of significant scale. It is with such genuine business development and funding needs that prompted us to proceed with the Listing to expand our capital base and obtain equity funding to carry out our expansion plans and business strategies and pursue continuous growth. We acknowledge that our development plan involved significant amount of expenditure in human resources expansion and marketing and promotion which are both expenses in nature and may result in a downward pressure on our profit margin. We endeavor to take a prudent approach as we implement our strategies, and will continuously monitor our business growth and our pace of expenditure deployment and strive to achieve revenue and net profit growth while limiting the downward pressure on our profit margin.

MARKET

China's automobile insurance market grew from RMB457.6 billion in 2013 to RMB735.7 billion in 2017 in terms of insurance premium, representing a CAGR of 12.6%. Driven by the growing volume of car ownership and improvements in policies and regulations, and people's increasing willingness to have a full coverage of insurance, the automobile insurance market in China is expected to expand further to an estimated RMB1,121.0 billion in terms of insurance premium in 2022, representing a CAGR of 8.8%. We operate in the professional automobile insurance agency market, which accounted for approximately 28.0% of the overall automobile insurance agency market in China in 2017 and is highly fragmented. We ranked first among professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, with a market share of 2.1% in 2017.

China's integrated automobile after-sales service market can be categorized into the B2B and the B2C segments, based on the type of customers. We operate as a B2B integrated automobile after-sales service provider, and offer our products to corporate customers. The sales revenue of the B2B integrated automobile after-sales service market has experienced a rapid growth at a CAGR of 27.0% from 2013 to 2017, driven by various factors, such as the stably increasing number of vehicles in use, increasing investment by corporate customers to offer more value-added services to improve their customer loyalty, and availability of upgraded automobile service offerings. The sales revenue of the B2B segment is expected to further increase to RMB13.9 billion in 2022, representing a CAGR of 28.9%. We ranked first among B2B integrated automobile after-sales service providers in China in terms of sales revenue in 2017, with a market share of 5.4% in 2017.

The information above is based on the Frost & Sullivan Report commissioned by us. For discussion of China's professional automobile insurance industry and integrated automobile after-sales service industry, see "Industry Overview."

MAJOR CUSTOMERS AND SUPPLIERS

Major customers

During the Track Record Period, major customers of our insurance agency business were our insurance company partners, including local branches of nationwide insurance companies such as PICC P&C and CPIC P&C, as well as certain regional property and casualty insurance companies. We consider each local branch of these insurance companies as a separate customer.

In 2015, 2016, 2017 and the nine months ended September 30, 2018, our five largest insurance agency customers in aggregate accounted for 68.3%, 66.5%, 47.7% and 36.7% of our insurance agency segment revenue, and 43.9%, 45.1%, 35.5% and 27.4% of our total revenue from continuing operations, respectively. Our largest insurance agency customer, on the other hand, accounted for 32.3%, 28.5%, 20.7% and 11.5% of our insurance agency segment revenue, and 20.8%, 19.3%, 15.4% and 8.6% of our total revenue from continuing operations, respectively, for the same periods.

During the Track Record Period, customers of our automobile butler services business comprised primarily commercial banks, insurance companies and other major commercial institutions. We consider each of our contracting counterparts for our automobile butler services individually as our customers.

In 2015, 2016, 2017 and the nine months ended September 30, 2018, the five largest customers of our automobile butler services business in aggregate accounted for 72.4%, 64.4%, 45.8% and 38.6% of the revenue for our automobile butler services business, and 25.8%, 20.7%, 11.7% and 9.8% of our total revenue from continuing operations, respectively. Our largest customer for our automobile butler services business, on the other hand, accounted for 44.7%, 33.7%, 17.4% and 17.2% of the revenue for our automobile butler services business, and 15.9%, 10.8%, 4.4% and 4.3% of our total revenue from continuing operations, respectively, for the same periods.

Major suppliers

Suppliers of our insurance agency business primarily include (i) our external referral sources, comprising referral service providers (namely enterprises and individuals who refer to us potential end consumers of insurance products we carry), external registered sales representatives and strategic channel partners (which are primarily online automobile transaction marketplaces and major automobile and automobile service enterprises, such as Guazi.com and Souche.com), and (ii) department stores, shopping malls and petroleum companies, from which we purchase gift cards and coupons as performance rewards and incentives for certain of our external referral sources. We generally pay referral fees to external referral sources on a monthly basis.

In 2015, 2016, 2017 and for the nine months ended September 30, 2018, purchases from our top five suppliers of our insurance agency business accounted for 71.3%, 49.0%, 38.6% and 54.1% of the cost of sales of our insurance agency business, respectively, and purchases from our single largest supplier of our insurance agency business accounted for 29.3%, 13.7%, 14.4% and 16.0% of the cost of sales of our insurance agency business, respectively, for the same periods.

The suppliers of our automobile butler services business primarily include (i) automobile service providers including car wash and beauty, maintenance, designated driver, destination pickup, and non-accident roadside assistance and breakdown service providers, and labor dispatching companies through which we procure certain individuals and sole proprietors engaged in the automobile butler services business, and (ii) department stores, shopping malls and petroleum companies, from which we purchase gift cards and coupons as part of our automobile butler service packages. We generally pay service fees to butler service providers and contractors on a monthly basis.

In 2015, 2016, 2017 and for the nine months ended September 30, 2018, purchases from the top five suppliers of our automobile butler services business accounted for 45.3%, 66.1%, 39.1% and 44.1% of the cost of sales of our automobile butler services business, respectively, and purchases from our largest supplier accounted for 25.1%, 22.9%, 16.2% and 16.7% of the cost of sales of our automobile butler services business, respectively, for the same periods.

RISK FACTORS

Our business and the Global Offering involve certain risks, which are set out in "Risk Factors". You should read that section in its entirety before you decide to invest in the Offer Shares. Some of the major risks we face include:

- Our historical business growth and profitability may not be indicative of future performance;
- If we fail to maintain stable relationships with our business partners, our business, results of operations, financial condition and business prospects could be materially and adversely affected;
- We are subject to customer concentration risk;
- Decrease in the consumer demands for our automobile butler services and changing consumer preferences may have an adverse effect on our business prospects;
- We may not be able to provide diversified insurance products and services to effectively address our end consumers' needs;
- Any breaches to our security measures, including unauthorized access to our systems, computer viruses and cyber attacks may adversely affect our database and reduce the use of our services and damage our reputation and brand names;
- We face intense competition in the markets we operate in, and some of our competitors may have greater resources or brand recognition than us;
- Because the commission revenue we earn on the sale of insurance products is based on premium and commission rates set by insurance companies, any decrease in these premiums or commission rates, or increase in the referral fees we pay to our external referral sources, may have an adverse effect on our results of operation;
- We experienced continual decreases in gross profit margin during the Track Record Period;

- We recorded net current liabilities and negative net operating cash flows during the Track Record Period; and
- Our five-year development plan may negatively impact our financial results and profit margins in the short run.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering (taking no account of any H Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Controlling Shareholders, namely, Shengda Group, Mr. Ye, YSY Group, Automobile Services, Auto Services, China Auto, Auto Market Group, Haiyan Trading, Shanghai Feiyou, Ningbo Shengning, Jingying Advertising, Lianming Advertising and Mr. Li, will be interested (directly or indirectly) in approximately 46.34% of the total share capital of our Company.

On July 4, 2018, Shengda Group, Ningbo Shengning, Jingying Advertising and Lianming Advertising entered into the Concert Party Agreement to confirm their acting-in-concert relationship and to align their shareholding interests in our Company. See "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement" for details of the Concert Party Agreement.

OUR QUOTATION ON THE NEEQ

Our Domestic Shares first became quoted on the NEEQ (stock code: 831566) on December 31, 2014. At our extraordinary general meeting held on May 29, 2018, among other things, our Shareholders approved the issue of H Shares by our Company and the Listing. As disclosed in our Company's announcement dated June 20, 2018 published on the NEEQ website, we have voluntarily suspended all dealings in our Domestic Shares quoted on the NEEQ since June 21, 2018 for the purpose of the application for the Listing to avoid any potential price volatility of our Domestic Shares and to protect the interests of our Shareholders, with reference to the principles under the Business Rules of the National Equities Exchange and Quotations System (for Trial Implementation) (全國中小企業股份轉讓系統業務規則(試行)) (the "**NEEQ Business Rules**") and the Guidelines for the Suspension and Resumption of Transfer of Quoted Companies on the National Equities Exchange and Quotations System (for Trial Implementation) (全國中小企業股份轉讓系統掛牌公司暫停與恢復轉讓業務指南(試行)). As advised by our PRC Legal Advisors, according to the NEEQ Business Rules, our Company was mandatorily required to suspend all dealings in our Domestic Shares once we submitted our Listing application in August 2018. The closing price of our Domestic Shares quoted on the NEEQ on the last trading day before the voluntary suspension in dealings was RMB13.60. We plan to maintain the quotation of our Domestic Shares on the NEEQ after the Listing and the trading in our Domestic Shares on the NEEQ is expected to resume upon the Listing.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of our Group. We have derived the consolidated financial information for the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018 and as of December 31, 2015, 2016 and 2017 and September 30, 2018 from our audited consolidated financial statements set forth in the Accountants' Report in Appendix I to this prospectus. We have derived the consolidated financial information for the nine months ended September 30, 2017 from our reviewed consolidated financial statements set forth in the Accountants' Report in Appendix I to this prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this prospectus, including the related notes. Our consolidated financial information was prepared in accordance with the IFRSs.

In December 2015, we ventured into the automobile financial leasing business by setting up Shengshi Dalian Financial Leasing. We disposed of the said financial leasing business in December 2017 to focus our resources on our insurance agency business and the automobile butler services business. See "History and Corporate Structure — Acquisition and Disposal during the Track Record Period — Disposal of Shengshi Dalian Financial Leasing" and "Financial Information — Description of Major Components of Our Results of Operations — Discontinued Operation."

Selected Consolidated Income Statement

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB* (*unaudited*)	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Continuing operations										
Revenue	238,799	100.0	451,711	100.0	816,809	100.0	482,955	100.0	1,039,288	100.0
Cost of sales	(162,524)	(68.1)	(337,163)	(74.6)	(670,699)	(82.1)	(393,527)	(81.5)	(877,040)	(84.4)
Gross profit	76,275	31.9	114,548	25.4	146,110	17.9	89,428	18.5	162,248	15.6
Other income and gains	4,760	2.0	6,983	1.5	5,922	0.7	4,756	1.0	8,410	0.8
Selling and distribution expenses	(20,614)	(8.6)	(41,635)	(9.2)	(39,139)	(4.8)	(25,452)	(5.3)	(41,371)	(4.0)
Administrative expenses	(22,234)	(9.3)	(19,502)	(4.3)	(19,678)	(2.4)	(17,434)	(3.6)	(26,711)	(2.6)
Finance costs	(1,396)	(0.6)	(3,225)	(0.7)	(3,428)	(0.4)	(2,430)	(0.5)	(4,776)	(0.5)
Profit before tax from continuing operations	36,791	15.4	57,169	12.7	89,787	11.0	48,868	10.1	97,800	9.4
Income tax expense	(7,789)	(3.3)	(9,976)	(2.2)	(15,025)	(1.8)	(8,046)	1.6	(15,727)	(1.5)
Profit for the year/period from continuing operations	29,002	12.1	47,193	10.4	74,762	9.2	40,822	8.5	82,073	7.9

The following table sets forth the revenue contribution by our insurance agency business and automobile butler services business, both in absolute amounts and as a percentage of our total revenue from continuing operations for the periods presented:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
							(unaudited)			
	(in thousands, except percentages)									
Revenue from continuing operations										
Insurance agency	153,723	64.4	306,192	67.8	607,824	74.4	350,375	72.5	775,970	74.7
Automobile butler services	85,076	35.6	145,519	32.2	208,985	25.6	132,580	27.5	263,318	25.3
Total	**238,799**	**100.0**	**451,711**	**100.0**	**816,809**	**100.0**	**482,955**	**100.0**	**1,039,288**	**100.0**

The following table sets forth our gross profit and gross profit margin by business segments for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Gross profit										
Insurance agency	46,086	30.0	60,106	19.6	63,512	10.4	38,532	11.0	66,612	8.6
Automobile butler services	30,189	35.5	54,442	37.4	82,598	39.5	50,896	38.4	95,636	36.3
Total	**76,275**	**31.9**	**114,548**	**25.4**	**146,110**	**17.9**	**89,428**	**18.5**	**162,248**	**15.6**

Our gross profit margin exhibited relatively significant decreases from 31.9% in 2015 to 25.4% in 2016 and further to 17.9% in 2017, primarily attributable to the continual decreases in the gross profit margin of our insurance agency business, partially offset by increases in gross profit margin of our automobile butler services business from 2015 to 2017.

The decreases in the gross profit margin of our insurance agency business from 30.0% in 2015 to 19.6% in 2016 and further to 10.4% in 2017 were mainly due to our shifting in marketing strategy during the said years. Since 2015, we had started downsizing our in-house sales team and extensively increasing the use of external referral sources to reach out to more potential end consumers and facilitate our geographical expansion in a more efficient and expedient manner. The increasingly extensive use of such external referral sources resulted in a significant increase in our cost of referral services and a change in our revenue-cost structure with a significantly lower gross profit margin. Nonetheless, such switch of marketing strategy has significantly facilitated our expansion both geographically and in terms of business scale, as evidenced by the number of new regions we have added to our business coverage and our robust growth in revenue, which in turn has supported us in growing our gross profit in absolute amounts. We expanded our insurance agency business coverage from four cities in 2015 to 10 cities in 2016 and further to 17 cities in 2017, and revenue from our insurance agency business grew from RMB153.7 million in 2015 to RMB306.2 million in 2016 and further to RMB607.8 million in 2017. As we have substantially completed our shift in marketing strategy around the end of 2017, the decrease in gross profit margin of our insurance agency business had exhibited a trend of stabilizing, with a comparably slight decline from 10.4% in 2017 to 8.6% for the nine months ended September 30, 2018, and our Directors believe that the gross profit margin of our insurance agency business will remain relatively stable going forward.

Selected Consolidated Balance Sheet Items

The following table sets forth a summary of our selected consolidated balance sheets as of the dates indicated:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
	(RMB in thousands)			
Total non-current assets	60,634	308,010	68,031	86,211
Total current assets	210,057	364,901	424,877	501,746
Total assets	270,691	672,911	492,908	587,957
Total non-current liabilities	—	29,547	117	10
Total current liabilities	113,833	372,066	143,768	208,003
Total liabilities	113,833	401,613	143,885	208,013
Net assets	156,858	271,298	349,023	379,944
Net current assets/(liabilities)	96,224	(7,165)	281,109	293,743

We reported net current liabilities of RMB7.2 million as of December 31, 2016, which was primarily attributable to our interest-bearing bank and other borrowings of RMB339.2 million as of the same date, partially offset by our finance lease receivables of RMB155.8 million, trade receivables of RMB97.9 million and prepayments, deposits and other receivables of RMB85.6 million as of the same date. Our interest-bearing bank and other borrowings as of December 31, 2016 included current portion of other borrowings of RMB255.9 million as of the same date secured by mortgages over our finance lease receivables, both of which were related to our discontinued operation.

Selected Consolidated Statement of Cash Flows

The following table sets forth a summary of our selected consolidated statements of cash flows for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2015	2016	2017	2017	2018
				(unaudited)	
	(RMB in thousands)				
Cash flows from operating activities before movement in working capital	41,827	73,234	117,819	67,906	117,998
Net cash flows used in operating activities	(16,756)	(365,003)	(84,631)	(151,934)	(7,559)
Net cash flows (used in)/from investing activities	(14,906)	(47,793)	56,324	(11,730)	(9,713)
Net cash flows from financing activities	123,725	331,949	210,191	211,865	12,907
Net increase/(decrease) in cash and cash equivalents	92,063	(80,847)	181,884	48,201	(4,365)
Cash and cash equivalents at beginning of year/period	10,355	102,418	21,571	21,571	203,455
Cash and cash equivalents at the end of year/period	102,418	21,571	203,455	69,772	199,090

During the Track Record Period, our Group had net cash flows used in operating activities primarily because our trade receivables turnover days were significantly longer than our trade payables turnover days. As our customers are mostly banks and insurance companies, their respective payment process is generally significantly longer than our payment process to our external referral sources and butler service providers, resulting in a general mis-match of cash inflow and outlay on the operational level.

Our net cash flows used in operating activities were significantly larger in 2016 than those in other periods, primarily due to the significant cash outflows incurred in connection with the operation of our financial leasing business. More particularly, we ventured into the automobile financial leasing business initially in December 2015 but disposed of the said business in December 2017 to focus our resources on our insurance agency business and the automobile butler services business. Prior to the said disposal, our financial leasing business reported continuous growth, with revenue growing from RMB133,000 for 2015 to RMB41.1 million for 2016 and further to RMB77.8 million for 2017 and correspondingly, our finance lease receivables increased by RMB59.6 million, RMB342.5 million and RMB162.5 million for 2015, 2016 and 2017, respectively (and for the nine months ended September 30, 2017: RMB159.1 million). Since the movement in finance lease receivables was accounted for as our operating cash flows, such increases had significantly contributed to our net cash outflows in operating activities, particularly for 2016. As we subsequently disposed of the said financial leasing business in December 2017, our net operating cash flows position improved significantly.

Key Financial Ratios

The following table sets forth our selected key financial ratios as of and for the periods indicated:

	As of/for the year ended December 31,			As of/for the nine months ended September 30,
	2015	**2016**	**2017**	**2018**
Gross profit margin(1) . . .	31.9%	25.4%	17.9%	15.6%
Net profit margin(2).	12.2%	10.5%	9.5%	7.9%
Return on equity(3)	18.5%	17.5%	22.2%	28.8%
Return on assets(4)	10.7%	7.1%	15.6%	18.5%
Current ratio(5)	1.8x	1.0x	3.0x	2.4x
Gearing ratio(6)	19.8%	135.9%	23.3%	43.7%

Notes:

(1) Gross profit margin is calculated by dividing the gross profit with the revenue for the relevant year/period multiplied by 100%.

(2) Net profit margin is calculated by dividing the net profit with the revenue for the relevant year/period multiplied by 100%.

(3) Return on equity is calculated by dividing the net profit (or the annualized net profit for the period ended September 30, 2018) attributable to owners of our parent with the total equity attributable to owners of our parent as of the end of the relevant year/period multiplied by 100%.

(4) Return on assets is calculated by dividing the net profit (or the annualized net profit for the period ended September 30, 2018) attributable to owners of our parent with the total assets as of the end of the relevant year/period multiplied by 100%.

(5) Current ratio is calculated by dividing the current assets with the current liabilities as of the end of the relevant year/period.

(6) Gearing ratio is calculated by dividing the interest-bearing bank and other borrowings with the total equity as of the end of the relevant year/period multiplied by 100%.

OFFERING STATISTICS

All statistics in the following table are based on the assumption that the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$23.00	**Based on an Offer Price of HK$30.80**
Market capitalization of H Shares[(1)]	HK$980.4 million	HK$1,312.9 million
Unaudited pro forma adjusted consolidated net tangible assets per Share[(2)]..........	HK$7.42	HK$9.31

Notes:

(1) The calculation of market capitalization of H Shares is based on 42,626,600 H Shares expected to be in issue immediately upon completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in Appendix II to this prospectus and on the basis that 170,506,600 Shares are in issue assuming that the Global Offering has been completed on September 30, 2018.

DIVIDEND POLICY

We declared a dividend of RMB4.0 for every 10 shares (tax included) in May 2018 and paid this dividend to our Shareholders in July 2018 with our available cash resources. There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Listing.

LISTING EXPENSE

As of September 30, 2018, the Group had incurred listing expenses of RMB22.5 million, of which nil was charged to our consolidated income statement and RMB22.5 million is expected to be capitalized upon the Listing. We currently expect to incur further expenses amounting to RMB47.7 million (based on the mid-point of the indicative Offer Price range of HK$26.90 per H Share) subsequent to the end of the Track Record Period, of which RMB7.4 million is expected to be charged to our consolidated income statement and RMB40.3 million is expected to be charged against equity. Listing expenses represent professional fees, underwriting commissions and other fees and expenses incurred in connection with the Listing. The listing expenses above are the latest practicable estimate and for reference only and the actual amount may differ from such estimate.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,064.7 million (or RMB912.0 million) (after deducting the underwriting fees and commissions and other estimated fees and expenses paid and payable by us in connection with the Global Offering and assuming full payment of the discretionary incentive fee), assuming that the Over-allotment Option is not exercised and an Offer Price of HK$26.90 per H Share, being the mid-point of the indicative Offer Price range of HK$23.00 to HK$30.80 per H Share.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately HK$425.9 million (or RMB364.8 million), representing approximately 40% of the net proceeds from the Global Offering, will be used to further expand the geographical coverage of our insurance agency business, expand our network of external referral sources, improve our brand and service visibility and enhance our capacity to provide training to our external referral sources;

- approximately HK$298.1 million (or RMB255.4 million), representing approximately 28% of the net proceeds from the Global Offering, will be used to expand our business development, sales and marketing, quality control and customer service capacity to support our planned expansion and penetration of our existing B2B2C automobile butler services business, develop our B2C butler services business and improve our brand and service visibility;

- approximately HK$181.0 million (or RMB155.0 million), representing approximately 17% of the net proceeds from the Global Offering, will be used for further development of our IT infrastructure to support our business growth;

- approximately HK$53.2 million (or RMB45.6 million), representing approximately 5% of the net proceeds from the Global Offering, will be used for domestic and/or overseas strategic investment and acquisition opportunities;

- approximately HK$106.5 million (or RMB91.2 million), representing approximately 10% of the net proceeds from the Global Offering, will be used for additional working capital and other general corporate purposes.

In the event that the net proceeds we receive from the Global Offering are higher or lower than the estimated amounts stated above, we will increase or decrease the intended allocation of the net proceeds for the above purpose on a pro rata basis. See "Future Plans and Use of Proceeds."

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to, or aware of, any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. We are subject to regulatory inspections conducted by various PRC government authorities. We were not aware of any inspections or audits conducted by them that would materially adversely affect our business. We had certain non-compliance incidents, including improper delegation of senior management authority to disqualified personnel and payment of inappropriate interest to insurance policyholders. See "Business — Legal Proceedings and Compliance."

RECENT DEVELOPMENTS

Set forth below are certain material developments of our business and results of operations after September 30, 2018, which is the end of the Track Record Period, and up to the Latest Practicable Date:

- both our business segments continued to performed stably based on our management accounts, and were generally in line with our growth trend achieved in the first three quarters of 2018 as compared to the same period last year;

- we have principally completed development of the relevant HTML5 webpages pursuant to our collaboration agreement with Baidu and have enabled the embeddedness of these webpages into Baidu Maps' interface to allow users of Baidu Maps to search for our butler service providers and complete the purchase of car wash services within Baidu Maps. We pilot-launched the services in Hubei Province in January 2019 and is currently targeting to achieve nationwide roll-out in 2019;

- we have established two additional branch companies in Guangdong Province for our automobile insurance business; and

- to improve the efficiency of using capital generated from our operations, in January 2019, we entrusted RMB50.0 million of our idle cash for investment in a trust plan of Lujiazui International Trust Co., Ltd. for a period of up to one year. The underlying investment portfolio of the trust plan may include short-term low risk fixed income types of products, such as money market funds, principal-guaranteed wealth management products of commercial banks and trust loans. The investment was approved unanimously by the Board of Directors on January 23, 2019 in accordance with our Investment Policy. See "Business — Internal Control and Risk Management — Investment Management."

After due and careful consideration, our Directors confirm that there had not been any material adverse change in our financial, operational or trading position since September 30, 2018 and up to the date of this prospectus, and there is no event since September 30, 2018 that would materially affect the information as set out in the Accountants' Report.

We have prepared unaudited preliminary financial information for our Group as of and for the year ended December 31, 2018, which is set forth in Appendix III to this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association"	the articles of association of the Company, conditionally adopted on July 27, 2018 and as amended from time to time, a summary of which is set out in "Appendix VI — Summary of the Articles of Association"
"Auto Market Group"	China Auto Market Group Limited (中國汽車後市場集團有限公司), a limited liability company incorporated in Hong Kong on October 3, 2012, a Controlling Shareholder, which is wholly-owned by China Auto
"Auto Services"	Auto Services Group Limited, a BVI business company incorporated in the BVI with limited liability on September 19, 2012, a Controlling Shareholder, which is owned as to 57.86% by Automobile Services and 10.75% by YSY Group Limited, with the remaining 28.90% and 2.48% owned by two independent third parties
"Automobile Services"	Automobile Services Group Limited, a BVI business company incorporated in the BVI with limited liability on December 28, 2011, a Controlling Shareholder, which is owned as to 87.08% by Mr. Ye and 12.92% by an independent third party
"Baidu"	Beijing Baidu Netcom Science Technology Co., Ltd. (北京百度網訊科技有限公司)
"Baidu Maps"	a desktop and mobile web mapping service application and technology provided by Baidu
"Beijing Beisheng"	Beijing Beisheng Insurance Agency Co., Limited* (北京北盛聯合保險代理有限責任公司), a limited liability company established in the PRC on January 25, 2010, a non-wholly-owned subsidiary owned as to 80% by our Company

"Board" or "Board of Directors"	the board of directors of our Company established pursuant to the PRC Company Law, as described in "Directors, Supervisors and Senior Management"
"Board of Supervisors"	the board of supervisors of our Company established pursuant to the PRC Company Law, as described in "Directors, Supervisors and Senior Management"
"BOC"	Bank of China Limited (中國銀行股份有限公司), a joint stock limited company established in the PRC listed on the Main Board of the Stock Exchange (stock code: 03988) and the Shanghai Stock Exchange (stock code: 601988)
"Business Day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalization Issue"	the capitalization issue of the capital reserve fund of our Company on September 14, 2016 on the basis of 10 new Domestic Shares for every 10 existing Domestic Shares the then Shareholders held, through which our Company issued 63,940,000 new Domestic Shares in total
"Cars One"	Cars One (美車堂), an automobile after-sales service chain in China operated by Shanghai Meiche Network Technology Co., Ltd. (上海美車網絡科技股份有限公司), a limited liability company established in the PRC
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會). The CBIRC was established in April 2018 by a merger of China's banking and insurance regulators, namely, the China Banking Regulatory Commission (the "**CBRC**") and the China Insurance Regulatory Commission (the "**CIRC**"), except as the context otherwise requires, it may refer to its predecessors, namely, the CBRC and/or the CIRC
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chengdu Shengda"	Chengdu Shengda Insurance Agency Co., Limited* (成都盛大保險代理有限公司), a limited liability company established in the PRC on December 21, 2010, a wholly-owned subsidiary of our Company
"Chexiang"	Chexiang (車享家), an automobile after-sales service chain in China operated by Shanghai Chexiangjia Automotive Technology Service Co., Ltd. (上海車享家汽車科技服務有限公司), a limited liability company established in the PRC
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus only, except where the context requires, reference in this prospectus to PRC or China exclude Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"China Auto"	China Auto Services Group Limited, an exempted company incorporated in the Cayman Islands with limited liability on September 24, 2012, a Controlling Shareholder, which is wholly-owned by Auto Services
"China Mobile"	China Mobile Communications Corporation (中國移動通信集團公司), a Chinese state-owned telecommunication corporation that provides mobile voice and multimedia services through its nationwide mobile telecommunications network across the PRC
"China UnionPay"	China UnionPay Co., Ltd. (中國銀聯股份有限公司), a Chinese financial services corporation headquartered in Shanghai, China that provides bank card services

"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
"Concert Parties"	Shengda Group, Ningbo Shengning, Jingying Advertising and Lianming Advertising, being our Controlling Shareholders and parties to the Concert Party Agreement, and each a "Concert Party"
"Concert Party Agreement"	the agreement entered into among the Concert Parties on July 4, 2018, further information on which is set forth in "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement"
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and in the case of our Company, means Shengda Group, Mr. Ye, YSY Group, Automobile Services, Auto Services, China Auto, Auto Market Group, Haiyan Trading, Shanghai Feiyou, Ningbo Shengning, Jingying Advertising, Lianming Advertising and Mr. Li
"CPIC P&C"	China Pacific Property Insurance Co., Ltd. (中國太平洋財產保險股份有限公司), an insurance company established in the PRC
"CSRC"	the China Securities Regulatory Commission
"Deed of Indemnity"	the deed of indemnity dated March 11, 2019 entered into by Mr. Ye and Shengda Group with and in favor of our Company as referred to in "Appendix VII — Statutory and General Information — G. Other Information — 8. Tax and Other Indemnities"
"Directors"	the directors of our Company and each a "Director"
"DMV"	the department of motor vehicles (車管所), a government agency that administers vehicle registration and driver licensing in China

"Domestic Shares"	ordinary share in the capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and which are quoted on the NEEQ
"EIT"	the PRC enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax (中華人民共和國企業所得稅法), issued on March 16, 2007 and effective on January 1, 2008 and amended on February 24, 2017
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the industry consultant
"Frost & Sullivan Report"	an industry report commissioned by us and independently prepared by Frost & Sullivan in connection with the Global Offering
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares to be completed by the **White Form eIPO** Service Provider designated by our Company, Computershare Hong Kong Investor Services Limited
"Guazi.com"	Guazi.com (瓜子二手車直賣網), a Chinese e-commerce company that provides consumer-to-consumer services via its web portal for buying and selling used cars
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"Haiyan Trading"	Haiyan Trading (Shanghai) Co., Ltd.* (海岩貿易(上海)有限公司), a limited liability company established in the PRC on November 22, 2012, a Controlling Shareholder, which is wholly-owned by Auto Market Group

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 4,262,800 H Shares (subject to reallocation) being offered by our Company for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price and on, and subject to, the terms and conditions of this prospectus and the Application Forms, as further described in "Structure of the Global Offering"
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated March 17, 2019 relating to the Hong Kong Public Offering and entered into by, among others, the Company, the Controlling Shareholders, the Joint Representatives and the Hong Kong Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering"
"IFRSs"	the International Financial Reporting Standards, which include standards and interpretations promulgated by the International Accounting Standards Board (IASB)
"IIT"	the PRC individual income tax
"IIT Law"	the PRC Individual Income Tax Law (中華人民共和國個人所得稅), issued and effective on September 10, 1980, and amended on June 30, 2011 and effective on September 1, 2011

"independent third party(ies)"	any party who is not connected (within the meaning of the Listing Rules) with any director, chief executive or substantial shareholder of our Company or any of its respective subsidiaries or an associate of any of them
"insurance agency license"	License for Operating Insurance Agency Business (經營保險代理業務許可證)
"International Offer Shares"	the 38,363,800 H Shares initially offered by our Company pursuant to the International Offering (subject to reallocation) as described in "Structure of the Global Offering", together with, where relevant, up to an additional 6,393,990 H Shares to be sold pursuant to any exercise of the Over-allotment Option
"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares outside the United States in offshore transactions as defined in and in accordance with Regulation S, as further described in "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering and to be entered into by, among others, the Company, the Controlling Shareholders, the Joint Representatives and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — The International Offering"
"Jingying Advertising"	Shanghai Jingying Advertising and Communications Co., Ltd.* (上海菁英廣告傳播有限公司), a limited liability company established in the PRC on April 2, 2011, a Promoter and a Controlling Shareholder, which is owned as to 99% by Mr. Li and 1% by Ms. Meng Yang, spouse of Mr. Li, respectively

"Joint Bookrunners"	China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CCB International Capital Limited, ABCI Capital Limited, Huatai Financial Holdings (Hong Kong) Limited, Zhongtai International Securities Limited, China Industrial Securities International Capital Limited and Guotai Junan Securities (Hong Kong) Limited
"Joint Global Coordinators"	China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited and CMB International Capital Limited
"Joint Lead Managers"	China Galaxy International Securities (Hong Kong) Co., Limited, China International Capital Corporation Hong Kong Securities Limited, CMB International Capital Limited, CCB International Capital Limited, ABCI Securities Company Limited, Huatai Financial Holdings (Hong Kong) Limited, Zhongtai International Securities Limited, China Industrial Securities International Capital Limited, Guotai Junan Securities (Hong Kong) Limited, CGS-CIMB Securities (Hong Kong) Limited, Golden Rich Securities Limited, Lead Securities (HK) Limited and Lego Securities Limited
"Joint Representatives"	China Galaxy International Securities (Hong Kong) Co., Limited and China International Capital Corporation Hong Kong Securities Limited
"Joint Sponsors"	China Galaxy International Securities (Hong Kong) Co., Limited and China International Capital Corporation Hong Kong Securities Limited
"Latest Practicable Date"	March 9, 2019, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication

"Lianming Advertising"	Shanghai Lianming Advertising Communication Co., Ltd.* (上海聯銘廣告傳播有限公司), formerly known as Shanghai Shengda Advertising Communication Co., Ltd.* (上海盛大廣告傳播有限公司), a limited liability company established in the PRC on February 5, 2004, a Controlling Shareholder, which is owned as to 99.60% by Shengda Group and 0.40% by Shanghai Baifeng Auto Service Co., Ltd.* (上海百峰汽車服務有限公司), a limited liability company established in the PRC and wholly owned by Shengda Group
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about March 29, 2019, on which dealings in the H Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Mandatory Provisions"	the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (到境外上市公司章程必備條款), as amended, supplemented or otherwise modified from time to time, for inclusion in the articles of association of companies incorporated in the PRC to be listed overseas (including Hong Kong), which were promulgated by the former Securities Commission of the State Counsel and the former State Commission for Restructuring the Economic Systems of the PRC on August 27, 1994
"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) (formerly known as the Ministry of Information Industry)
"Mr. Li"	Mr. Li Jun, a cousin of Mr. Ye and a Controlling Shareholder
"Mr. Ye"	Mr. Ye Zaichang, our founder, an executive Director and a Controlling Shareholder

"Nanjing Xindaxin"	Nanjing Xindaxin Insurance Agency Co., Limited* (南京新達新保險代理有限公司), a limited liability company established in the PRC on September 22, 2006, a wholly-owned subsidiary of our Company
"NEEQ"	the National Equities Exchange and Quotations (全國中小企業股份轉讓系統有限責任公司)
"NEEQ Non-Competition Undertaking"	the non-competition undertaking dated April 24, 2014 given by Mr. Ye and Shengda Group in favor of our Company as referred to in "Relationship with Controlling Shareholders and Connected Transactions — NEEQ Non-Competition Undertaking"
"Ningbo Shengning"	Ningbo Shengning Investment Partnership (Limited Partnership)* (寧波盛寧投資合夥企業(有限合夥)), a limited partnership established in the PRC on April 22, 2015, a Controlling Shareholder; the limited partners of which were 16 current and/or former members of management team and current employees of our Company and Mr. Lei Zhunfu, the chairman, the general manager and an executive Director, held approximately 52.24% of the shareholding in Ningbo Shengning as limited partner, and the general partner of which was Shengda Huitong which was wholly-owned by Shengda Group as of the Latest Practicable Date
"Non-Competition Undertaking"	the non-competition undertaking dated March 11, 2019 given by our Controlling Shareholders in favor of our Company as referred to in "Relationship with Controlling Shareholders and Connected Transactions — Non-Competition Undertaking"
"NPC"	the National People's Congress of the PRC (全國人民代表大會)
"Offer Price"	the final Hong Kong dollar price per H Share (exclusive of brokerage fee, Stock Exchange trading fee and SFC transaction levy)
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional H Shares sold pursuant to the exercise of the Over-allotment Option

"Over-allotment Option"	the option to be granted by us to the International Underwriters, exerciseable by the Joint Representatives (for themselves and on behalf of the International Underwriters) under the International Underwriting Agreement, pursuant to which our Company may be required to sell up to an additional aggregate of 6,393,990 H Shares (in aggregate representing approximately 15% of the Offer Shares initially being offered under the Global Offering) at the Offer Price, the details of which are described in "Structure of the Global Offering — Over-allotment Option"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PICC P&C"	PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司), an insurance company established in the PRC and listed on the Main Board of the Stock Exchange (Stock code: 02328)
"Ping An P&C"	Ping An Property & Casualty Insurance Company of China, Ltd. (中國平安財產保險股份有限公司), an insurance company established in the PRC
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), issued on December 29, 1993 and effective on July 1, 1994, and amended on December 28, 2013 and effective on March 1, 2014
"PRC GAAP"	the Accounting Standards for Business Enterprises (企業會計準則) promulgated by the Ministry of Finance of the PRC
"PRC Government"	the central government of the PRC and all governmental subdivisions (including provincial, municipal and other regional or local government entities) and organizations of such government or, as the context requires, any of them
"PRC Legal Advisors"	Anjie Law Firm, legal advisors to our Company as to the PRC laws in connection with the Global Offering

"Price Determination Agreement"	the agreement to be entered into by the Joint Representatives (for themselves and on behalf of the Underwriters) and us on the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date, expected to be on or around March 22, 2019 but no later than March 25, 2019 or such other date as agreed by the parties to the Price Determination Agreement, on which the Offer Price is fixed for the purposes of the Global Offering
"Promoter(s)"	the promoters for the purpose of the conversion of our Company into a joint stock limited liability company on April 24, 2014, namely, Shengda Group and Jingying Advertising
"Province"	an administrative division within China and, as the context requires, provincial autonomous region and PRC central government's municipalities
"Regulation S"	Regulation S under the U.S. Securities Act
"Relevant Persons"	the Joint Sponsors, the Joint Representatives, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of their respective directors, advisors, officers, employees, agents, representatives or any other person or party involved in the Global Offering
"Renminbi" or "RMB"	the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	The State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局) or the State Market Supervision Administration of the PRC (中華人民共和國國家市場監督管理總局) after the 2018 State Council Institutional Reform

"SALI"	statutory automobile liability insurance, the compulsory vehicle insurance for all automobiles in China as required by relevant laws and regulations, and covers casualty and property loss of victims (excluding passengers and the insured) in accidents involving the insured vehicle
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities Law"	the Securities Law of the PRC (中華人民共和國證券法), issued on December 29, 1998 and last amended and newly effective on August 31, 2014
"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
"Shanghai Feiyou"	Shanghai Feiyou Trading Co., Ltd.* (上海菲優貿易有限公司), previously known as Shanghai Youli Advertising Co., Ltd.* (上海優立廣告有限公司), a limited liability company established in the PRC on June 11, 2009, a Controlling Shareholder, which is wholly-owned by Haiyan Trading
"Share(s)"	Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Share(s)
"Shengda Group"	Shanghai Shengda Automobile Services Group Co., Ltd.* (上海盛大汽車服務集團有限公司), a limited liability company established in the PRC on February 19, 2008 (formerly known as Shanghai Shengda Automobile Services Co. Ltd.* (上海盛大汽車服務有限公司)), a Promoter and a Controlling Shareholder, which is wholly owned by Shanghai Feiyou
"Shengda Huitong"	Shanghai Shengda Huitong Enterprise Services Co., Ltd.* (上海盛大匯通企業服務有限公司), a limited liability company established in the PRC on June 5, 2009, the general partner of Ningbo Shengning, which is controlled by Mr. Ye

"Shengda Limited"	Shanghai Sheng Shi Da Lian Insurance Agency Co., Ltd.* (上海盛世大聯保險代理有限公司), a limited liability company established in the PRC on December 5, 2007 and the predecessor of our Company
"Shengshi Dalian Automobile"	Shanghai Shengshi Dalian Automobile Services Co., Limited* (上海盛世大聯汽車服務有限公司), previously known as Shanghai Imaging Auto Service Co., Ltd.* (上海映像汽車服務有限公司), a limited liability company established in the PRC on June 8, 2013, a wholly-owned subsidiary of our Company
"Shengshi Dalian Financial Leasing"	Shengshi Dalian Financial Leasing (Shanghai) Co., Limited* (盛世大聯融資租賃(上海)有限公司), a limited liability company established in the PRC on December 1, 2015, which is owned as to 75% by Shengda Group and as to 25% by Auto Market Group
"Souche.com"	Souche.com (大搜車網), a Chinese e-commerce company that provides an online automobile retail and finance platform
"Special Regulations"	the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定), issued on August 4, 1994 and effective on December 25, 1995
"Stabilizing Manager"	China Galaxy International Securities (Hong Kong) Co., Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisors"	the supervisors of the Company and each a "Supervisor"
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
"TPI"	Taiping General Insurance Company Limited (太平財產保險有限公司), an insurance company established in the PRC

"Track Record Period"	the three financial years ended December 31, 2015, 2016 and 2017, and the nine months ended September 30, 2018
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar", "US$" or "USD"	the lawful currency of the U.S.
"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VAT"	value added tax
"**WHITE** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the applicant's own name
"**White Form eIPO**"	applying for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of the **White Form eIPO** Service Provider, **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"**YELLOW** Application Form(s)"	the application form(s) for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS
"YSY Group"	YSY Group Limited, a limited liability international business company incorporated in the BVI on November 8, 2005 and was automatically re-registered as a limited liability BVI business company on 1 January 2007, a Controlling Shareholder, which is wholly owned by Mr. Ye

* *For identification purposes only*

In this prospectus:

- the "Company", "our Company", "we", "us", "our", "the Group" or "our Group" refers to Sun Car Insurance Agency Co., Ltd.* (盛世大聯保險代理股份有限公司), a joint stock limited liability company established in the PRC with its Domestic Shares quoted on the NEEQ (Stock Code: 831566) and converted from our predecessor, Shengda Limited, on April 24, 2014, and, where applicable, Shengda Limited, its predecessor, and, except as the context otherwise requires, the subsidiaries of Sun Car Insurance Agency Co., Ltd.* (盛世大聯保險代理股份有限公司) and Shengda Limited; and

- the term "associate(s)", "close associate(s)", "connected person(s)", "controlling shareholder(s)", "core connected person(s)", "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

The glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with our Group and our Group's business. The terms and their meaning may not correspond to meanings or usage of these terms as used by others.

"4S dealership"	authorized car dealership, shops or service centers in China. "4S" stands for sales, spare parts, service and survey
"API"	application programming interface
"auto use ecosystem/market"	an ecosystem or market of all services and products provided to car owners during their use. See "Industry Overview"
"B2B"	business to business
"B2B2C"	business to business to consumer
"B2C"	business to consumer
"butler apps"	Shengda Merchant app (盛大商戶端) and Shengda Driver app (盛大司機端)
"Cheyibao camera"	Cheyibao (車易保) camera, a proprietary smart camera designed by us, which allows our external referral sources to obtain the insurance validity status of an automobile by scanning the license plate of the automobile. See "Business — Insurance Agency Business — Transaction Process and Our Insurance APP"
"ERP system"	enterprise resource planning system
"external referral sources"	comprise referral service providers, external registered sales representatives, and strategic channel partners. See "Business — Insurance Agency Business — Sales and Marketing — External Referral Sources"
"IT"	information technology

"insurance app"	Shengda automobile insurance app (盛大車險app), our proprietary mobile application that provides integrated services to facilitate our business process of our sales of insurance products
"LaaS"	location as a service, a location data delivery model where privacy protected physical location data acquired through multiple sources including carriers, Wi-Fi, IP addresses and landlines is available to enterprise customers through a simple API
"middleware"	a computer software that provides services to software applications beyond those available from the operating system, and makes it easier for software developers to implement communication and input/output
"PaaS"	platform as a service, a category of cloud computing services that provides a platform allowing customers to develop, run, and manage applications without the complexity of building and maintaining the infrastructure typically associated with developing and launching an app
"SaaS"	software as a service, a software licensing and delivery model in which software is licensed on a subscription basis and is centrally hosted

Certain statements in this prospectus are forward-looking statements that are, by their nature, subject to significant risks and uncertainties. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “will,” “expect,” “anticipate,” “estimate,” “believe,” “going forward,” “ought to,” “may,” “seek,” “should,” “intend,” “plan,” “projection,” “could,” “vision,” “goals,” “objective,” “target,” “schedules” and “outlook”) are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including but not limited to the risk factors detailed in this prospectus), uncertainties and other factors some of which are beyond our Company’s control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Our forward-looking statements have been based on assumptions and factors concerning future events that may prove to be inaccurate. Those assumptions and factors are based on information currently available to us about the businesses that we operate. The risks, uncertainties and other factors, many of which are beyond our control, that could influence actual results include, but are not limited to:

- our business prospects, future business development, financial condition and results of operations;
- general economic, political and business conditions, future developments and trends in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- our ability to identify and satisfy consumers’ demands and preferences;
- our ability to maintain good relationships with business partners;
- relevant government policies and regulations relating to our industry and business;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial market and economic condition;
- capital market developments;
- our dividend policy;
- our ability to control or reduce costs;
- our ability to attract and retain senior management and key employees;

- the actions and developments of our competitors;
- our capital expenditure plans; and
- all other risks and uncertainties described in "Risk Factors."

In light of these risks, uncertainties and assumptions, actual results or outcomes could differ materially from those expressed in any forward-looking statements. The forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. Statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

All forward-looking statements in this prospectus are expressly qualified by reference to the cautionary statements set forth in this section.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in our H Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of our H Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

These factors are contingencies that may or may not occur, and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements."

We believe that there are certain risks and uncertainties involved in our operations, many of which are beyond our control. These risks and uncertainties can be categorized into (i) risks relating to our business, (ii) risks relating to our industry, (iii) risks relating to doing business in the PRC, and (iv) risks relating to the Global Offering. Additional risks and uncertainties presently not known to us or not expressed or implied below, or those we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS

Our historical business growth and profitability may not be indicative of future performance. You should not rely on the results of our operations as an indication of future revenue, profit or growth.

We commenced our insurance agency business in March 2008 and launched our automobile butler services business in December 2013. Our revenue and net profit increased continually during the Track Record Period. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, we generated revenue from continuing operations of RMB238.8 million, RMB451.7 million, RMB816.8 million, and RMB1,039.3 million, respectively. For the same periods, our net profit from continuing operations was RMB29.0 million, RMB47.2 million, RMB74.8 million, and RMB82.1 million, representing a net profit margin from continuing operations of 12.1%, 10.4%, 9.2%, and 7.9% in the respective periods.

However, our historical performance may not be indicative of our future growth or financial results. We cannot assure you that we will be able to deliver similar growth in the future, or avoid any decline in the future. Our growth may slow down or become negative, and revenue and net profit may decline for a number of possible reasons, including the risk factors set forth in this prospectus. Some of the risks are beyond our control, including declining growth of our overall market or industry, increasing competition, the emergence of alternative business models, decreasing customer base, changes in rules, regulations, government policies or general economic conditions, and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors. You should consider our business and prospects in light of these risks, and not unduly rely on our past results of operations or historical growth rate as an indicator of our future performance.

If we fail to maintain stable relationships with our business partners, our business, results of operations, financial condition and business prospects could be materially and adversely affected.

We cooperate with a variety of business partners in conducting our businesses, including customers and suppliers in our insurance agency business and automobile butler services business. Our success depends on our ability to, among other things, develop and maintain relationships with our existing business partners and attract new business partners.

Relationships with our customers

For our insurance agency business, we provide agency services for well-known insurance companies in China by distributing primarily automobile insurance products underwritten by them, and receive commissions from these insurance companies. See "Business — Insurance Agency Business." Our relationships with these insurance companies are governed by agreements between the insurance companies and us. These contracts generally provide, among other things, the scope of our authority and our commission rates, and typically have a term of one or three years. Certain of these contracts can also be terminated by the insurance companies with a relatively short notice under certain circumstances. There is no assurance that we would be able to renew any such contracts upon their expiry with terms that are comparable to or better than the existing ones, if at all. Any interruption to or discontinuation of our relationships with these insurance companies may severely and negatively impact our results of operations.

For our automobile butler services business, our butler partners are our customers, mainly comprising banks, insurance companies and other sizeable corporations, which purchase automobile butler service packages from us for their reward programs or customer loyalty programs. See "Business — Automobile Butler Services Business." We secure service contracts with a substantial number of our butler partners through a bidding or centralized procurement process. These contracts generally have a term of one or two years which, upon expiry, we are typically subject to a new round of bidding or centralized procurement process to be awarded a renewed contract. We cannot assure you that we will always be invited to participate in the bidding or procurement process of our existing customers upon expiry of our existing contract terms or potential customers that we strive to establish business relationship with, or that we would be able to succeed in the bidding or procurement processes or maintain comparable success rates in the future. Furthermore, our cooperation with our butler partners is subject to their annual budget constraints. If we fail to successfully renew our contracts with our existing butler partners or bid for contracts with new butlers, or if there is any reduction in expenses relating to procuring our automobile butler service packages in their annual budgets, the growth of our automobile butler services business could be adversely affected.

In addition, customer and end-consumer recognition is critical for us to remain competitive. Our ability to maintain and enhance customer and end-consumer recognition and reputation depends primarily on the quality of the products and services we offer to them. If we are unable to maintain and further enhance our customer and end-consumer recognition and reputation and promote awareness of our product offerings and services, we may not be able to maintain or continue to expand our customer base, and our results of operations may be materially and adversely affected. Furthermore, any negative or malicious publicity relating to our Group, products and services could harm our brand image and in turn materially and adversely affect our business and results of operations.

Relationships with our suppliers

For our insurance agency business, we collaborate with various external referral sources to expedite our market penetration and broaden our end consumer base. Our external referral sources are our suppliers in the insurance agency business. See "Business — Insurance Agency Business — Sales and Marketing — External Referral Sources." Failure to establish and maintain stable relationships with our external referral sources may materially and adversely affect our ability to expand our business scale and geographical coverage, which in turn could adversely affect our results of operations and business prospects.

For our automobile butler services business, we rely on our butler service providers, who are our suppliers, to deliver a variety of automobile-related services to customers of our butler partners (i.e., end consumers of the said services). See "Business — Automobile Butler Services Business." Accordingly, our relationships with the butler service providers and their quality of service are crucial for us to continue our business growth and promote our brand and reputation among our customers. If our relationships with them deteriorate, our business, financial condition and results of operations may be materially and adversely affected. Similarly, failure of our butler service providers to deliver services of satisfactory quality may cause our end consumers to stop using our services, which could adversely affect our revenue or even jeopardize the business relationship with our customers.

In addition, our cooperative agreements with our customers and suppliers are typically on a non-exclusive basis, and they may choose to cooperate with our competitors or offer competing services themselves. For example, there is an increasing trend that major insurance companies build their own Internet or mobile channels and strengthen their in-house capabilities to distribute their insurance products, as well as establishing their own insurance agency arms. On the other hand, our butler service providers may also choose to cooperate with our competitors or other service platforms, which may offer better terms or bring upon more business volume to them. In any event, there is no assurance that we will be able to continuously maintain a mutually beneficial relationship with our business partners, or continue to cooperate with them on terms favorable to us, or at all. If any of the foregoing occurs, our business growth, results of operations and financial condition will be adversely affected.

If the butler service providers we collaborate with fail to provide reliable or satisfactory services, our reputation and our business, financial condition and results of operations may be materially and adversely affected.

In our automobile butler services business, we rely on butler service providers, who are typically third-party automobile after-sales service providers, to deliver a variety of automobile-related services to end consumers of our butler partners. Such services include car wash and beauty, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistance and breakdown services. See "Business — Automobile Butler Services Business — Our Automobile Butler Services and Butler Service Network." If our butler service providers fail to provide reliable or satisfactory services, we could suffer reputational harm, even if such failure is not attributable to or caused by us. In addition, any failure by these butler service providers to comply with applicable laws and regulations or any negative publicity on these parties could damage our reputation, expose us to liabilities, and materially and adversely affect our business, financial condition and results of operations.

We are subject to customer concentration risk. Our growth and revenue could be materially and adversely affected if we lose any significant customer, or if any significant customer fails to cooperate with us at anticipated levels.

We are subject to customer concentration risk. In 2015, 2016 and 2017, and the nine months ended September 30, 2018, revenue generated from our five largest insurance agency customers, in aggregate, accounted for approximately 68.3%, 66.5%, 47.7%, and 36.7% of our insurance agency segment revenue, respectively, and 43.9%, 45.1%, 35.5% and 27.4% of our total revenue from continuing operations, respectively. Our largest insurance agency customer, on the other hand, accounted for 32.3%, 28.5%, 20.7% and 11.5% of our insurance agency segment revenue, and 20.8%, 19.3%, 15.4% and 8.6% of our total revenue from continuing operations, respectively, for the same period. For more details, see "Business — Insurance Agency Business — Customers of Our Insurance Agency Business — Major Customers."

In 2015, 2016 and 2017 and the nine months ended September 30, 2018, the five largest customers of our automobile butler services business in aggregate accounted for 72.4%, 64.4%, 45.8% and 38.6% of the revenue for our automobile butler services business and 25.8%, 20.7%, 11.7% and 9.8% of our total revenue from continuing operations, respectively. Our largest customer for our automobile butler services business, on the other hand, accounted for 44.7%, 33.7%, 17.4% and 17.2% of the revenue for our automobile butler services business, and 15.9%, 10.8%, 4.4% and 4.3% of our total revenue from continuing operations, respectively, for the same period. For more details, see "Business — Automobile Butler Services Business — Customers of Our Automobile Butler Services Business — Major Customers."

Our insurance agency agreements generally have a term of one or three years, and can be terminated by the insurance companies with a relatively short notice under certain circumstances. For more details of the terms of the agreements with insurance companies, see "Business — Insurance Agency Business — Customers of Our Insurance Agency Business." The collaboration agreements with our butler partners generally have a term of one or two years, and can be terminated with prior notice. For more details of the terms of business collaboration agreements with our butler partners, see "Business — Automobile Butler Services Business — Customers of Our Automobile Butler Services Business." Any failure to successfully renew these agreements before or upon their expiration may have a material adverse impact on our results of operations.

There are a number of factors, other than our performance, that could cause the loss of, or decrease in the volume of business from, a customer. We cannot assure you that we will continue to maintain the business cooperation with these customers at the same level, or at all. The loss of business from any of these significant customers, or any downward adjustment of the commission rates paid to us, could materially adversely affect our revenue and profit. Furthermore, if any significant customer terminates its relationship with us, we cannot assure you that we will be able to secure an alternative arrangement with comparable insurance company in a timely manner, or at all.

Decrease in the consumer demands for our automobile butler services and changing consumer preferences may have an adverse effect on our business prospects.

Besides our automobile butler services, end consumers can redeem a variety of products and services offered by our butler service providers with reward points under the butler partners' reward programs or customer loyalty programs. Other products and services may be perceived by end consumers as more attractive. In addition, consumer preferences may change and end consumers may stop redeeming our automobile butler services with our butler partners. If our automobile butler services lose popularity among end consumers, or if they choose to access automobile after-sales services through means other than those provided by our butler service providers, the performance of our automobile butler services business, financial condition and results of operations may be adversely affected.

We may not be able to provide diversified insurance products and services to effectively address our end consumers' needs, which could have a material adverse effect on our business, results of operations and financial condition.

We attract, procure and retain end consumers by offering a variety of automobile insurance product choices from various insurance companies. To continue to grow our end consumer base, we seek to collaborate with more insurance companies located in our existing and new geographical markets, while maintaining full spectrum insurance product choices. As of September 30, 2018, we had established business relationships with 59 insurance companies and approximately 320 of their branches in China.

We also strive to continuously upgrade our automobile butler services by offering more comprehensive service packages and upgraded experience. For example, we introduced the destination pickup services in a few first-tier and second-tier cities in January 2014, including airport and train station transfer services, and they have quickly gained popularity among our butler partners and end consumers. However, expansion into new product and service categories involves new risks and challenges. If we fail to respond to the changing and emerging needs and preferences of our customers and end consumers and offer new products and services that are favored by them, we may lose out on our business volume and/or not be able to continue to attract new customers or maintain existing customers. If any of the foregoing occurs, our business, results of operations and financial condition may be materially and adversely affected.

Any breaches to our security measures, including unauthorized access to our systems, computer viruses and cyber attacks may adversely affect our database and reduce the use of our services and damage our reputation and brand names.

Breaches to our security measures, including computer viruses and cyber attacks, may result in significant damage to our hardware and software systems and database, disruptions to our business activities, inadvertent disclosure of confidential or sensitive information, interruptions in access to our platforms, and other material adverse effects on our operations. Our security measures to protect systems and database could be breached or compromised as a result of third-party action, employee error, malfeasance or otherwise, during transfer of data or at any time, and result in persons obtaining unauthorized access to our systems and data. If our security measures are breached and unauthorized access to our systems and database is obtained, our services may be perceived as insecure, and customers and end consumers may curtail or stop using our services altogether and we may incur significant legal and financial exposure and liabilities. We may incur significant costs to protect our systems and equipment against the threat of, and to repair any damage caused by computer viruses and "hacking." Moreover, if a computer virus or cyber attack affects our systems and/or our customers or end consumers, or if it is highly publicized, our reputation and brand names could be materially damaged and the use of our services may decrease and materially and adversely affect our business, results of operations and financial condition.

We face intense competition in the markets we operate in, and some of our competitors may have greater resources or brand recognition than us.

The automobile insurance agency market and the integrated automobile after-sales service market in China are highly fragmented, and we expect competition to persist and intensify. In our insurance agency business, we face competition from insurance companies that use their in-house sales force, exclusive sales agents, telemarketing, and Internet or mobile channels to distribute their insurance products, and from business entities that distribute insurance products on an ancillary basis, such as commercial banks, postal offices and automobile dealerships, as well as from other professional insurance intermediaries.

In our automobile butler services business, we primarily compete with a large number of sizeable integrated service providers and other independent after-sales service providers. We compete for customers on the basis of product offerings, pricing, customer services and reputation.

Some of our competitors have greater financial and marketing resources than we do, and may be able to offer products and services that we do not currently offer and may not offer in the future. The disruption of business cooperation with major banks and insurance companies we cooperate with may cause us to lose our competitive advantages in certain areas. If we are unable to compete effectively against and stay ahead of our competitors, we may lose customers and our financial results may be negatively affected.

Because the commission revenue we earn on the sale of insurance products is based on premium and commission rates set by insurance companies, any decrease in these premiums or commission rates, or increase in the referral fees we pay to our external referral sources, may have an adverse effect on our results of operation.

We derive a majority of our revenue from our insurance agency business by earning commissions from insurance companies we cooperate with. The commissions we receive from insurance companies on the insurance policies sold are generally calculated as a percentage of the insurance premiums paid by the insured. Our revenue and results of operations are thus directly affected by the size of insurance premiums and the commission rates for such policies.

Insurance premiums and commission rates can change based on the prevailing economic, regulatory, taxation-related and competitive factors that affect insurance companies and end consumers. These factors, many of which are not within our control, include insurance companies' expectation on profits, consumer demand for insurance products in the market, the availability and pricing of comparable products offered by other insurance companies, and the end consumers themselves. In addition, premium rates for certain automobile insurance products, such as SALI that each automobile owner in the PRC is legally required to purchase, are tightly regulated by the CBIRC. As a result, we may experience downward pressure on our commissions from time to time.

On the other hand, we engage external referral sources in different geographical areas to promote insurance products, and pay referral fees to them for referring end consumers to us. We may adjust the rates of referral fees at our discretion, depending on the competitive landscape and market conditions in the respective geographical markets. Accordingly, any increase in such rates would reduce our profit margin.

Because we do not determine, and cannot predict, the timing or extent of premium or commission rate changes, we cannot predict the effect any of these changes may have on our operations. Any decrease in premiums or commission rates we receive, and/or any increase in the rates of referral fees we pay to our external referral sources, could significantly affect our profitability. In addition, our capital expenditures and other expenditures may be disrupted by unexpected decreases in revenue caused by decreases in premiums or commission rates, thereby adversely affecting our operations and business plans.

We experienced continual decreases in gross profit margin during the Track Record Period.

We experienced continual decrease in our gross profit margin. Our gross profit margin was 31.9%, 25.4%, 17.9%, and 15.6% in 2015, 2016, 2017, and the nine months ended September 30, 2018, respectively. The decreases were primarily attributable to the continual decreases in gross profit margin of our insurance agency business, partially offset by increases in gross profit margin of our automobile butler services business from 2015 to 2017.

The gross profit margin of our insurance agency business decreased from 30.0% in 2015 to 19.6% in 2016 and further to 10.4% in 2017, which were mainly due to our shift in marketing strategy during the same years. Since 2015, we had started downsizing our in-house sales team and increasing the use of external referral sources to reach out to more potential end consumers in a more efficient and expedient manner. The increasingly extensive use of external referral sources resulted in a significant increase in our cost of referral services and a change in our revenue-cost structure, and had negatively impacted our gross profit margin during the phase of our transition into the new marketing strategy. As we have substantially completed our shift in marketing strategy around the end of 2017, the gross profit margin of our insurance agency business had decreased only slightly from 10.4% in 2017 to 8.6% for the nine months ended September 30, 2018. See "Financial Information — Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin." We cannot assure you that our gross profit margin will remain stable going forward, and any further decrease in our gross profit margin may materially and adversely affect our business, financial condition and results of operations.

We recorded net current liabilities and negative net operating cash flows during the Track Record Period, which may expose us to certain liquidity risks and could constrain our operational flexibility.

We incurred net current liabilities of RMB7.2 million as of December 31, 2016, primarily attributable to our interest-bearing bank and other borrowings of RMB339.2 million as of the same date (which primarily related to our discontinued financial leasing business), partially offset by our finance lease receivables of RMB155.8 million (again relating to our discontinued financial leasing business), trade receivables of RMB97.9 million and prepayments, deposits and other receivables of RMB85.6 million as of the same date. For more details, see "Financial Information — Discussion of Certain Key Consolidated Balance Sheet Items — Net Current Assets/(Liabilities)."

We had negative net operating cash flows of RMB16.8 million, RMB365.0 million, RMB84.6 million, and RMB7.6 million in 2015, 2016, and 2017, and the nine months ended September 30, 2018, respectively. Our net cash flows used in operating activities were significantly larger in 2016 than that in other periods, primarily due to the significant cash outflows incurred in connection with the operation of our discontinued financial leasing business, which commenced operations in December 2015 and was disposed of in December 2017. Our negative net operating cash flow was also contributed by a general mis-match of cash inflow and outlay on the operational level resulting from our significantly longer trade receivables turnover days compared to our trade payables turnover days, as our customers are mostly banks and insurance companies and their respective payment process is generally significantly longer than our payment process to our external referral sources and butler service providers. For detailed discussion on reasons for negative operating cash flow for the respective periods, see "Financial Information — Liquidity and Capital Resources — Consolidated Statements of Cash Flows — Net Cash Flows Used in Operating Activities" and "Financial Information — Description of Major Components of Our Results of Operations — Discontinued Operation."

We cannot assure you that we will not experience net current liabilities or negative net operating cash flows in the future. Our future liquidity, ability to make necessary capital expenditures, the payment of trade and other payables, as and when they become due, will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing. Our ability to generate adequate cash inflows from operating activities may be affected by our future operating performance, prevailing economic conditions, our financial, business and other factors, many of which are beyond our control. Also, we may not be able to renew or refinance our existing bank borrowings or secure additional external financing on a timely basis or on acceptable terms, or at all. The occurrence of any of the foregoing may cause us not to have sufficient cash flow to fund our operating costs and constrain our operational flexibility and, in that event, our business, financial condition and results of operations could be adversely affected.

Our five-year development plan may negatively impact our financial results and profit margins in the short run.

To achieve our business goals, we have formulated a five-year development plan and expect to fund it by the net proceeds from the Global Offering and, as needed, our internal resources. See "Business — Our Strategies" and "Future Plans and Use of Proceeds." Our five-year development plan may cause a significant increase in short term operating expenses due to various factors, including increased amortization costs from our IT system development, additional staff costs and significant marketing and promotional expenses. As a result, our financial results and profit margins may be adversely affected in the short run. Furthermore, we may not succeed in achieving the five-year development plan. If we incur substantial expenses for implementing the plan without being able to achieve the anticipated business growth and expansion, our operating and financial results and our business prospects may be materially and adversely affected.

Our business is subject to seasonality.

In our insurance agency business, our revenue (i.e., commissions from insurance companies) is subject to quarterly fluctuations as a result of, among other factors, the seasonality of our business, the timing of policy renewals of individual policy owners and the net effect of new and lost business. During any given year, our revenue derived from distribution of insurance products is generally lower during the first quarter. The factors that cause such quarterly variations are not within our control. Specifically, change of end-consumer demand, timing of renewals, cancellations of insurance policies would cause seasonal fluctuations in our results of operations. On the other hand, revenue derived from our butler service business in any given year also exhibits seasonality generally, and is generally highest in the second quarter and the fourth quarter, mainly resulting from the expiry of reward points in our butler partners' reward programs or customer loyalty programs and the promotional activities launched by our major customers in June and December of each year.

In addition, changes in certain of our expenses do not necessarily correspond with such fluctuations. For example, we spend on marketing activities, staff recruitment and training, and product development throughout the year, and we pay rent for our facilities based on the terms of the lease agreements. We may also incur significant costs for our information technology systems and enhancements and upgrades of our apps from time to time in support of our business developments. We expect to continue to experience seasonal fluctuations in our revenue and results of operations. These fluctuations could result in volatility in our results of operations. As a result, you may not be able to rely on quarterly comparisons of our operating results as an indication of our future performance.

Any significant disruption in services on our apps, websites or computer systems, including events beyond our control, could materially and adversely affect our business, financial condition and results of operation.

Our business is highly dependent on the ability of our information technology systems to timely process a large number of transactions across different markets and products at a time when the volume of such transactions is growing rapidly. We are also increasingly relying on our apps to facilitate the business process of both our insurance agency and our automobile butler services. Usability of our apps as perceived by users can influence customer satisfaction. The proper functioning and improvement of our apps, our accounting, customer database, customer service and other data processing systems, together with the communication systems between our various branches and our headquarters in Shanghai, is critical to our business and to our ability to compete effectively. We cannot assure you that our business activities would not be materially disrupted in the event of a partial or complete failure of any of these primary information technology or communication systems, which could be caused by, among other things, software malfunction, computer virus attacks or conversion errors due to system upgrading. In addition, a prolonged failure of any of our information technology systems could damage our reputation and materially and adversely affect our operations and profitability.

Our business model and our planned business developments are dependent on the proper function of our IT systems and infrastructure and our ability to continuously improve our IT systems and infrastructure and adopt advancing technologies. Breakdown of any of our major IT systems or failure to keep up with technological developments would materially and adversely affect our business, results of operations and future prospects.

Our proprietary technology and technological capabilities are critical to the development and maintenance of our IT systems and infrastructure underlying our apps and platforms, which in turn is vital to our business operations and planned developments. We need to keep abreast of the fast evolving IT developments, and continuously invest in significant resources, including financial and human capital resources to maintain, upgrade and expand our IT systems and infrastructure in tandem with our business growth and developments. Specifically, we plan to use approximately 17% of the net proceeds from the Global Offering for further development of our IT infrastructure. See "Future Plans and Use of Proceeds — Use of Proceeds" and "Business — Our Strategies — Further Enhance our Technology Capabilities." However, research and development activities are inherently uncertain, and investments in information technologies and development of proprietary technologies may not always lead to commercialization or monetarization, or lead to increased business volume and/or profitability. The fast evolving IT developments may also render our existing systems and infrastructure and those that are newly developed and implemented obsolete before we are able to reap sufficient benefits to recover their investment costs, and may lead to substantial impairments which would adversely affect our results of operations. Obsolescence in our proprietary technology, IT systems and infrastructure may also significantly impair our ability to conduct and grow our business and compete effectively, which could materially and adversely impact our results of operations and business prospects. On the other hand, any significant breakdown of our IT systems and infrastructure may materially and adversely affect our business, results of operations, reputation and business prospects, and may even subject us to potential claims or even litigations, particularly as parts of our IT systems and infrastructure are linked to or connected with IT systems and infrastructure of our insurance company partners and butler partners, who are mostly sizeable and reputable financial institutions whom themselves are subject to stringent regulatory supervision. As we rely heavily on our apps and our IT systems and infrastructure to facilitate and conduct our business, any prolonged breakdown of systems and infrastructure could also materially impact our business and results of operations.

Failure to ensure and protect the confidentiality of the personal data of end consumers could subject us to penalties, negatively impact our reputation and deter end consumers from using our platforms.

In providing our services, a challenge we face is the secured collection, storage and transmission of confidential information. We acquire certain private information about end consumers, such as name, personal identification number, address and telephone number during the course of our business. We also obtained certain personal data from our insurance company partners and butler partners pursuant to the collaboration agreements with them, such as the vehicle registration number and registration date, the engine number, the make and model of the automobile and information about the current insured status of the automobile of a potential insurance purchaser. See "Business — Insurance Agency Business — Transaction Process and Our Insurance App" and "Business — Data Privacy Matters." We are required to collect and use such information in accordance with relevant PRC laws and not to disclose or use such information without consent from the respective consumers. See "Regulatory Overview — Automobile Butler Business — Third Party Information Protection."

While we have taken steps to protect the personal data that we have access to, our security measures could be breached. Any accidental or willful security breaches or other unauthorized access to our system could cause confidential personal data to be stolen and used for criminal purposes, and could also expose us to liability related to the loss of information, time-consuming and expensive litigation and negative publicity. If security measures are breached or if we fail to protect confidentiality of the personal data of end consumers otherwise, our insurance company partners, our butler partners as well as end consumers may be deterred from choosing us, which could result in significant loss of business and we could incur significant liability, and our business and operations could be adversely affected.

Acquisition, strategic alliances and investments could be difficult to integrate, disrupt our business and lower our result of operations and the value of your investment.

As part of our business strategy, we will evaluate and make investments in or acquisitions of complementary businesses, joint ventures, services and technologies, or enter into alliances with strategic partners in the future. Acquisitions, alliances and investments involve numerous risks, including the potential failure to achieve the expected benefits of the combination or acquisition; difficulties in, and the cost of, integrating operations, technologies, services and personnel; potential write-offs of acquired assets or investments; and downward effect on our results of operations.

In addition, if we finance acquisitions by issuing equity or convertible debt securities, shareholdings of our existing shareholders may be diluted, which could affect the market price of our shares. Further, if we fail to properly evaluate and execute acquisitions or investments, our business and prospects may be adversely affected and the value of your investment may decline.

Furthermore, we may fail to identify or secure suitable acquisition and business partnership opportunities or our competitors may capitalize on such opportunities before we do, which could impair our ability to compete with our competitors and adversely affect our growth prospects and results of operations.

We may fail to attract and retain an experienced management team and qualified personnel.

Our continued success depends on our ability to attract and retain an experienced management team and other employees with the requisite expertise and skills. Our ability to do so is influenced by a variety of factors, including the structure of the compensation package that we formulate and the competitive market position of our overall compensation package. Our management team and skilled employees may leave us or we may terminate their employment at any time. We cannot assure you that we will be able to retain our management team and skilled employees or find suitable or comparable replacements on a timely basis. Moreover, if any of our management team or skilled employees leaves us or joins a competitor, we may lose customers. In addition, former employees may request certain compensation arising from their resignation or retirement, which we typically negotiate on a case-by-case basis. However, if we are unable to reach a mutually acceptable resolution with such employees, they may take other actions including, but not limited to, initiating legal proceedings. Such legal proceedings may require us to pay damages, divert our management's attention cause us to incur costs and harm our reputation. Each of these foregoing factors could have a material adverse effect on our business, financial condition and results of operations.

Misconduct of our in-house sales force, employees and external referral sources we engaged to promote our insurance agency services is difficult to detect and deter and could harm our reputation or lead to regulatory sanctions or litigation costs.

We promote insurance products through our in-house sales team. In addition, we engage external referral sources to deepen our market penetration and broaden end consumer reach, including referral service providers who have access to auto insurance end consumers, such as automobile after-sales service providers, external registered sales representatives, and strategic channel partners such as Guazi.com. The activities and regulatory compliance of these sales and marketing force associated with our insurance agency business are subject to the terms of the agreements we entered into with them and subject to applicable PRC laws. Misconduct of any of them could result in violation of law by us, regulatory sanctions, litigation or serious reputational or financial harm. Misconduct could include:

- making misrepresentation when marketing or selling insurance to customers;
- hindering insurance applicants from making full and accurate mandatory disclosures or inducing applicants to make misrepresentations;
- hiding or falsifying material information in relation to insurance contracts;
- fabricating or altering insurance contracts without authorization from relevant parties, selling false policies, or providing false documents on behalf of the applicants;
- falsifying insurance agency business or fraudulently returning insurance policies to obtain commissions;
- colluding with applicants, insureds, or beneficiaries to obtain insurance benefits;
- engaging in false or falsified claims; or
- otherwise not complying with laws and regulations or our control policies, procedures, and undertakings.

On April 24, 2015, the PRC Insurance Law was amended and consequently on December 3, 2015, the CBIRC amended the Provisions on the Supervision of Professional Insurance Agencies, the Provisions on the Supervision of Insurance Brokerages and the Provisions on the Supervision of Insurance Claims Adjusting Firms. These amendments have made a number of significant changes to the regulatory regime, including eliminating the requirement for insurance agent to obtain a qualification certificate issued by the CBIRC. The elimination of the certificate requirement may result in an increase in misconduct by persons engaged in promoting insurance products, in particularly sales misrepresentation. We have internal policies and procedures to deter misconduct by our in-house sales force and external referral sources. However, the measures and precautions we take to prevent and detect these activities may not be effective in all cases. For example, in 2017, we received notices of administrative penalty from the local counterpart of the CBIRC in Sichuan province, with regard to our insurance agency business relating to payment of inappropriate interest to end consumers and employment of unqualified managerial staff. Our Sichuan subsidiary and certain employees were imposed a fine of RMB460,000 in aggregate. See "Business — Legal Proceedings and Compliance — Non-Compliance" for more details. We cannot assure you, therefore, that misconduct by any of our in-house sales team or our external referral sources may not occur, whether unintentional or otherwise, which may negatively impact our business, results of operations or financial condition. In addition, the general increase in misconduct in the industry could potentially harm the reputation of the industry and have an adverse impact on our business.

We are subject to credit risks from both our customers and end consumers.

We typically grant credit period to our insurance agency and automobile butler partners. While they are principally insurance companies and banking institutions and notwithstanding that we only had relatively insignificant impairment of trade receivables during the Track Record Period, there is no assurance that commission and fee income receivable by us will not be subject to disputes with our insurance company partners and butler partners. Given the background of our customers and the negotiating position they enjoy, in case of dispute we are typically in a less favourable position to succeed in recovering the trade receivables in dispute and our financial position and results of operations may be negatively impacted as a result.

Additionally, end consumers of our insurance agency business generally pay premium for the insurance policies to the insurance companies directly. On limited occasions, where it is logistically inconvenient for end consumers to pay insurance companies directly through swiping credit cards on POS machines or scanning QR code (in most cases with end consumers secured by our in-house sales force through telemarketing), we may pay the insurance premium on behalf of our end consumers at the time the policy is approved, and collect payments from our end consumers subsequently. As of December 31, 2015, 2016 and 2017 and as of September 30, 2018, our total insurance premium receivables amounted to RMB20.2 million, RMB51.2 million, RMB24.3 million and RMB45.0 million, respectively. As of the Latest Practicable Date, all insurance premium receivables during the Track Record Period were settled and no provision/write-off was made in respect of them. However, our credit risk assessment procedures may be subject to fraud or collusion to defraud or other illegal activities, and there is a risk that end consumers may fail to repay the insurance premium to us. We may not always be able to detect or prevent such misconduct in a timely manner, and the precautions we take to prevent these activities may not be effective in all cases. Failure to protect our operations from fraudulent activities by our customers could result in reputational and economic damages to us and could materially and adversely affect our results of operations.

If we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

Our business has grown substantially since our inception, and we expect continued growth in the scale of our business and our operations. We have significantly expanded branch establishment, our headcount and office facilities, and we anticipate that further expansion in certain areas and geographies will be required. This expansion increases the complexity of our operations and may cause strain on our managerial, operational and financial resources. We must continue to hire, train and effectively manage new employees. If our new hires perform poorly or if we are unsuccessful in hiring, training, managing and integrating new employees, our business, financial condition and results of operations may be materially harmed.

In addition, as we pursue our business growth and strive to expand our customer base, we endeavor to establish presence in new geographical markets, introduce new insurance products and types of automobile butler services, and work with a variety of additional business partners, including banks, insurance companies, external referral sources and butler service providers, to address the evolving needs of the end consumer market. We may have limited or no experience for certain new product and service offerings, and our expansion into these new product and service offerings may not achieve broad acceptance among our customers or end consumers. These offerings may present new and difficult technological or operational challenges, and we may be subject to claims if end consumers do not have satisfactory experiences in general. To effectively manage the expected growth of our business and operational scale, we will need to continue improving our transaction processing, technological, operational and financial systems, policies, procedures and controls. All of these endeavors involve risks and will require significant management, financial and human resources. We cannot assure you that we will be able to effectively manage our growth or to implement our strategies successfully. If we are not able to manage our growth effectively, or at all, our business and prospects may be materially and adversely affected.

We may not be able to use certain of our leased properties due to defects related to these properties.

As of the Latest Practicable Date, we operated our business primarily through one owned property in Shanghai and 75 leased properties across China. For some leased properties, the landlords have not provided ownership certificates, or where the landlords are not the owners, consent letters from the property owners for leasing or sub-leasing the properties. For more details, please refer to the section headed "Business — Properties" in this prospectus. As advised by our PRC Legal Advisors, lessors are not entitled to lease properties if they do not have ownership of such properties or consent from the property owners authorizing the lease. If any third party raises claims against the ownership or leasing rights of such properties, our leasing of such properties may be affected.

Pursuant to the Administrative Measures for Commodity Housing Leasing (商品房屋租賃管理辦法), parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we failed to register the lease agreements for a majority of the properties we lease, with an aggregate gross floor area of approximately 7,119 square meters, primarily due to the difficulty of cooperating with the relevant landlords to register such leases, which is not within our control. Our PRC Legal Advisors have advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. Based on the number of our unregistered leases as of the Latest Practicable Date, we estimate that the total maximum penalty for unregistered leases would amount to approximately RMB710,000.

Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorized use of these properties, could require us to relocate our business operations occupying these properties. If any of our leases is terminated or voided as a result of challenges from third parties or the government, or if the lease is otherwise not renewed by our landlords upon expiration, we would need to seek alternative premises and incur relocation costs.

If we fail to protect our intellectual property rights and proprietary information, we may lose our competitive edge and our brand, reputation and operation may be materially and adversely affected.

Our corporate name, trademarks and other intellectual properties are essential to our business. We believe our reputation and brand are associated with our corporate name in Chinese "Sheng Shi Da Lian" (盛世大聯) and Sun Car Insurance Agency Co., Ltd., and our trademarks, and that this association has contributed to the success of our business. Our corporate name may be damaged if it is used by third parties whose reputation or brand is not associated with quality, or if such third parties are otherwise the subject of any adverse publicity. In addition, other parties may use or register trademarks that look similar to our registered trademarks under certain circumstances, and may cause confusion among consumers. Policing unauthorized use of our corporate name and trademarks can be difficult and expensive. If any of the foregoing happens, the value of our trademarks and customer recognition of our brand may be adversely affected.

In addition, litigation may be necessary to enforce our intellectual property rights, protect our trademarks or determine the validity and scope of the proprietary rights of others. Such litigation may be costly and may 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. Enforcement of judgments in China is uncertain, and even if we are successful in litigation, it may not provide us with an effective remedy. In addition, 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, financial condition and results of operations.

We may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business, results of operations and prospects.

We cannot be certain that our operations do not or will not infringe upon or otherwise violate intellectual property rights or other rights held by third parties. We may be from time to time in the future subject to legal proceedings and claims relating to the intellectual property rights or other rights of third parties.

Additionally, there may be third-party intellectual property rights or other rights that are infringed by our products, services or other aspects of our business without our awareness. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions or other proprietary assets. If any third-party infringement claims are brought against us, we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits.

The application and interpretation of China's intellectual property laws and the procedures and standards for granting trademarks, copyrights, know-how or other intellectual property rights in China, and the laws governing personal rights are still evolving and remain uncertain, and we cannot assure you that PRC courts or regulatory authorities would agree with our analysis. If we were 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 or relevant contents, and we may incur licensing or usage fees or be forced to develop alternatives of our own. As a result, our reputation may be harmed and our business and financial performance may be materially and adversely affected.

Our operations depend on the performance of the Internet and mobile Internet infrastructure and telecommunications networks in China, which may not be able to support the demands associated with our continued growth.

Almost all access to the Internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Moreover, we primarily rely on a limited number of telecommunications service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with the Internet infrastructure or the telecommunications networks in China. We cannot assure you that these infrastructures will be able to support the demands associated with the continued growth in usage.

With the expansion of our business, we may be required to upgrade our facilities, technology, operational and information technology infrastructure to keep up with our business growth, which may require substantial investment. In addition, we may need to devote significant resources to creating, supporting and maintaining our mobile APPs, given the increasing trend of accessing the Internet through smart phones, tablets and other mobile devices and the continual release of new mobile devices and mobile platforms. However, we may not be able to effectively develop or enhance these technologies on a timely basis or at all, which may decrease end consumers' satisfaction and efficiency of our business process. Our failure to keep pace with rapid technological changes may impact our ability to retain or attract end consumers of our products and services or generate income, and have an adverse effect on our business and results of operations.

We may be involved in legal proceedings arising from our operations.

We may be involved in legal and administrative proceedings from time to time. See "Business — Legal Proceedings and Compliance." As our business expands, we expect we will continue to face litigations and disputes in the ordinary course of our business, which may result in claims for actual damages, freezing of our assets and diversion of our management's attention, as well as legal proceedings against our Directors, officers or employees, and the probability and amount of liability, if any, may remain unknown for long periods of time.

The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event defending against these claims could be both costly and time-consuming. Therefore, our reserves for such matters may be inadequate, and any unfavorable final resolution of any such litigation or proceedings could have a material adverse effect on our business, results of operations and financial condition. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material adverse effect on our prospects and future growth.

We may have conflicts of interest with our Controlling Shareholders and may not be able to resolve such conflicts on favorable terms for us.

Our Controlling Shareholders will be able to exercise approximately 46.34% of the voting rights of our Company immediately after the completion of the Global Offering (assuming the Over-allotment Option is not exercised). The Controlling Shareholders have substantial influence over our business with respect to material matters requiring voting rights, and we cannot assure you that any of our Controlling Shareholders will act in the best interest of our company should any conflict arise. For example, they may make strategic decisions with respect to us or that affect our business in ways that favor themselves and therefore their own shareholders, which may not coincide with the interests of our other shareholders. We may not be able to resolve any potential conflicts, and even if we do so, the resolution may be less favorable to us than if we were dealing with an unaffiliated party.

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

We believe we maintain insurance policies covering risks in line with industry standards. We maintain limited business liability, litigation and property insurance. We do not have any business interruption insurance. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have an adverse effect on our results of operations. We do not maintain key-man life insurance either. The insurance companies in China currently offer limited business-related insurance products. As such, we may not be able to insure certain risks related to our assets or business even if we desire to. If we were to incur substantial losses or liabilities due to natural disaster, disruption in our network infrastructure or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from any loss, and we may not be able to successfully claim our losses under our current insurance policies on a timely basis, or at all. If we incur any loss beyond the coverage of our insurance policies, or the amount indemnified is significant less than our actual loss, our business, financial condition and results of operations could be materially affected.

RISKS RELATING TO OUR INDUSTRY

Our businesses are subject to regulation and administration by the CBIRC and other government authorities, and failure to comply with any applicable regulations and rules by us could result in financial losses or harm to our business.

We are subject to the PRC Insurance Law (中華人民共和國保險法), Regulatory Provisions on Professional Insurance Agencies (保險專業代理機構監管規定), and related rules and regulations. Our businesses in automobile insurance and other insurance areas are extensively regulated by the CBIRC, which has been given wide discretion in its administration of these laws, rules and regulations as well as the authority to impose regulatory sanctions on us. Under the amendments to the PRC Insurance Law promulgated in 2009, the CBIRC has been granted greater regulatory oversight over the PRC insurance industry, in part to afford policyholders more protection.

The terms and premium rates of the insurance products we carry, the commission rates we earn, as well as the way we operate our insurance agency businesses, are subject to regulations. Changes in these regulations may affect our profitability on the products we sell. For example, the CBIRC promulgated a series of regulations and implementation directives to strengthen the regulation of the premium and commission rates for commercial motor vehicle insurance since February 2015. In July 2017, the CBIRC's Notice to Overhaul Chaotic Auto Insurance Market (中國保監會關於整治機動車輛保險市場亂象的通知) was promulgated, aiming to strengthen regulation of the automobile insurance market. Such regulation prohibits, among other things, insurance agents from giving inappropriate rebates to the insured when promoting insurance products, and imposes various restrictions on insurance companies in relation to risk management and cooperation with third-party insurance agents. As recent as January 2019, the CBIRC promulgated the "Notice on Further Strengthening Regulation on Auto Insurance" (關於進一步加強車險監管有關事項的通知) to further regulate automobile insurance market conducts including, among other things, charging commissions. Any tightening of regulations or administrative measures on insurance premiums or insurance agency commissions could have material adverse impact on the revenue and profitability of our insurance agency business, if we are not able to increase our insurance business volume sufficiently to compensate for the reduced revenue generated from automobile insurance commission, or pass on any downward impact on our commission rates to our external referral sources.

Regardless, failure to comply with any of the laws, rules and regulations to which we are subject could result in fines, restrictions on business expansion, which could materially and adversely affect us. The laws, rules and regulations under which we are regulated may change from time to time, and there is uncertainty associated with their interpretation and application. We cannot assure you that future legislative or regulatory changes would not have a material adverse effect on our business, results of operations and financial condition.

Failure to obtain, renew, or retain certain licenses, permits or approvals may materially and adversely affect our ability to conduct our business.

We are required by PRC laws and regulations to hold various licenses, permits and approvals issued by relevant regulatory authorities to allow us to conduct our business operations including license for operating insurance agency service. Any infringement of legal or regulatory requirements, or any suspension or revocation of these licenses, permits and approvals may have a material adverse impact on our business. The licensing requirements within the insurance and insurance agency industry are constantly evolving and we may be subject to more stringent regulatory requirements due to clarification or change in interpretation or implementation of laws and regulations, or promulgation of new regulations or guidelines in China. We may be required to obtain other licenses, permits or approvals, or otherwise comply with additional regulatory requirements in the future. We cannot assure you that we will be able to retain, obtain or renew relevant licenses, permits or approvals in the future. This may, in turn, hinder our business operations and materially and adversely affect our business, results of operations and financial condition.

Examinations and investigations by the PRC regulatory authorities may result in fines and/or other penalties that may have a material adverse effect on our reputation, business, results of operations and financial condition.

From time to time, the CBIRC carries out comprehensive evaluations and inspections of the internal control and financial and operational compliance of PRC insurance agency companies in China. As a participant in the insurance agency industry in China, we are subject to periodic or ad hoc examinations and investigations by various PRC regulatory authorities in respect of our compliance with PRC laws and regulations, which may impose fines and/or other penalties on us. For example, two of our insurance branch companies were found to be in breach of relevant insurance regulations in the inspections in 2016 and 2017 respectively and were fined accordingly. See "Business — Legal Proceedings and Compliance — Non-Compliance." There is no assurance that we will be able to meet all applicable regulatory requirements and guidelines, or comply with all applicable regulations at all times, or that we will not be subject to fines or other penalties in the future as a result of regulatory inspections.

Consumers may increasingly decide to purchase insurance directly from insurance companies, which would have a material adverse impact on our financial condition, results of operations and prospects.

The advancement of financial technologies, or FinTech, and the emergence of Internet insurance products allow insurance companies to directly access to a broader customer base at a low cost, and consumers may increasingly decide to purchase insurance directly from insurance companies. A rising number of traditional insurance companies have established their own online platforms to sell Internet insurance products directly to consumers. More recently, the advent of a few online-only Internet insurance companies, such as ZhongAn Online P&C Insurance Co., Ltd., is regarded as an emerging force to further disintermediate China's insurance industry. The process of eliminating agencies as intermediaries, known as "disintermediation," could place us at a competitive disadvantage and reduce the need for our products and services. Disintermediation could also result in significant decrease in business volume and loss of commission income from our insurance agency business, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO DOING BUSINESS IN THE PRC

China's economic, political and social conditions, as well as regulatory policies, significantly affect the overall economic growth of China, which could reduce the demand for our services, and materially and adversely affect our competitive position.

We are incorporated, and our operations and all of our assets are located, in the PRC. Accordingly, our financial condition and results of operations are subject to the economic, political and legal developments in China. China's economy differs from the economies of developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While China's economy has experienced significant growth in the past few decades, growth has been uneven across different regions and economic sectors and we cannot assure you that such growth is sustainable. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may negatively affect us. For example, our business, financial condition and results of operations may be adversely affected by the following factors:

- an economic downturn in China or any regional market in China;
- inaccurate assessment of the economic conditions of the markets in which we operate;
- economic policies and initiatives undertaken by the PRC government;
- changes to prevailing market interest rates;

- decrease in car parc in China; and

- a higher rate of bankruptcy.

In addition, an unfavorable financial or economic environment in recent years, including as a result of continued global financial uncertainties and the rising tension over trade between China and the U.S., have had and may continue to have an adverse impact on investors' confidence and financial markets in China. Moreover, concerns over capital market volatility, issues of liquidity, inflation, geopolitical issues, the availability and cost of credit and concerns about the rate of unemployment have resulted in adverse market conditions in China, which may materially and adversely affect our business, financial condition and results of operations.

Changes in the economic, political and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof) or restrictive financial measures, could have an adverse effect on the overall economic growth of the PRC, which could subsequently hinder our current or future business, growth strategies, financial condition and results of operations.

The PRC government's control over foreign currency conversion may limit our foreign exchange transactions, including dividend payment to holders of our H Shares.

Currently, Renminbi still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends following the completion of the Global Offering, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by SAFE.

Under existing foreign exchange regulations, following completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, we cannot assure you that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, due to the restriction resulting from government foreign exchange regulations and influence of foreign exchange shortage, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to holders of our H Shares or to satisfy any other foreign exchange requirements.

Interpretation of PRC laws and regulations involves uncertainty and the current legal environment in the PRC could limit the legal protections available to Shareholders.

Our business and operations in China are governed by the PRC laws and regulations. The PRC legal system is generally based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various industries in China. However, as these laws and regulations are relatively new and continue to evolve, interpretation and enforcement of these laws and regulations involve significant uncertainties and different degrees of inconsistency. Some of the laws and regulations are still in the developmental stage and are therefore subject to policy changes. Many laws, regulations, policies and legal requirements have only been recently adopted by PRC central or local government agencies, and their implementation, interpretation and enforcement may involve uncertainty due to the lack of established practice available for reference. We cannot predict the effect of future legal developments in China, including the promulgation of new laws, changes in existing laws or their interpretation or enforcement, or the preemption of local regulations by national laws. As a result, there is substantial uncertainty as to the legal protection available to us. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be as consistent or predictable as in other more developed jurisdictions, which may limit the legal protection available to us. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention. All of these uncertainties may limit the legal protections available to our investors and Shareholders.

The national and regional economies in the PRC and our prospects may be adversely affected by natural disasters, acts of God and the occurrence of epidemics.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God or terrorism which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, H5N1 avian flu, human swine flu, also known as Influenza A (H1N1), H7N9, Ebola virus or Middle East Respiratory Syndrome. Any of the foregoing may result in material disruption of our business, which in turn may adversely affect our financial condition and results of operations.

Failure to obtain any preferential tax treatments or the discontinuation, reduction or delay of any of the preferential tax treatments that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

Under the EIT Law effective from January 1, 2008, as amended in February 2017, domestic companies are subject to a unified income tax rate of 25%. Various favorable income tax rates are, however, available to qualified enterprises in certain encouraged sectors of the economy. Enterprises qualified as "new high-tech enterprise" (高新技術企業) are entitled to a preferential tax rate of 15%. Accreditation of the "new high-tech enterprise" status is valid for three years. Shengshi Dalian Automobile, one of our key subsidiaries, qualified as a "new high-tech enterprise" and was entitled to a preferential tax rate of 15% from 2015 through 2017, and we successfully renewed the "new high-tech enterprise" status for Shengshi Dalian Automobile in November 2018. Our Company, Sun Car Insurance Agency Co., Ltd., qualified as a "new high-tech enterprise," and entitled to the preferential rate of 15% from 2016 to 2018, and we plan to renew it for Sun Car Insurance Agency Co., Ltd. in the first half of 2019, in accordance with applicable PRC laws and regulations. Shanghai Chengle Network Technology Co., Limited* (上海丞樂網絡科技有限公司), one of our subsidiaries, currently qualifies as a "new high-tech enterprise", and has been entitled to the preferential rate of 15% since January 2018 until December 2020.

Qualification as a "new high-tech enterprise" is subject to review by relevant authorities in China every three years, and we cannot assure you that we will be able to continue to qualify for preferential tax treatment. For illustration purposes only, the tax benefit we had as a result of such preferential tax treatment, calculated as the difference between our actual income tax expenses and the amount of tax expenses we would have incurred had we not been entitled to the reduced corporate tax rate during the same period, assuming no changes to any other factors that would affect our income tax liabilities, amounted to RMB2.1 million, RMB4.9 million, RMB7.3 million and RMB8.6 million in 2015, 2016, 2017 and the nine months ended September 30, 2018, respectively. In the unlikely event of a failure to renew the "new high-tech enterprise" status after its expiration, we will be subject to the unified corporate income tax rate of 25% starting from the year of expiration and will thus incur increased income tax, which may have a material adverse effect on our net income and results of operations.

We may not be able to recover all or part of our deferred tax assets.

We recognize deferred tax assets for deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Our deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against the deductible temporary differences, the carryforward of unused tax credits and unused tax losses that can be utilized, subject to certain exceptions. The carrying amount of deferred tax assets is reviewed at the end of the relevant periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the relevant periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

As of December 31, 2015, 2016 and 2017 and September 30, 2018, our deferred tax assets amounted to RMB0.6 million, RMB3.1 million, RMB3.7 million and RMB4.6 million, respectively. It is uncertain that we will be able to recover all or part of our deferred tax assets and in such case, our net income and results of operations may have a materially adversely affected.

You may be subject to PRC taxation.

Under the applicable PRC tax laws, the dividends we pay to non-PRC resident individual holders of H shares ("**non-resident individual holders**"), and gains realized through the sale or transfer by other means of H shares by such shareholders, are both subject to PRC individual income tax at a rate of 20%, unless reduced by the applicable tax treaties or arrangements.

Under applicable PRC tax laws, the dividends we pay to, and gains realized through the sale or transfer by other means of H shares by, non-PRC resident enterprise holders of H shares ("**non-resident enterprise holders**") are both subject to EIT at a rate of 10%, unless reduced by applicable tax treaties or arrangements. Pursuant to the Arrangements between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes (內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排) dated August 21, 2006, any non-resident enterprise registered in Hong Kong that holds directly at least 25% of the shares of our Company shall pay EIT for the dividends declared and paid by us at a tax rate of 5%.

Pursuant to the Circular on Questions Concerning Tax on the Profits Earned by Foreign Invested Enterprises, Foreign Enterprises and Individual Foreigners from the Transfer of Shares (Equity Interests) and on Dividend Income (關於外商投資企業、 外國企業和外籍個人取得股票(股權)轉讓收益和股息所得税收問題的通知) issued by the SAT, non-resident individual holders were temporarily exempted from PRC individual income tax for the dividends or bonuses paid by issuers of H shares. However, such circular was repealed by the Announcement on the List of Fully or Partially Invalid and Repealed Tax Regulatory Documents (關於公佈全文失效廢止和部分條款失效廢止的税收規範性文件目錄的公告) dated January 4, 2011.

With respect to non-resident individual holders, their gains realized through the transfer of properties are normally subject to PRC individual income tax at a rate of 20%. However, according to the Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning Individual Income Tax Policies (財政部、 國家税務總局關於個人所得税若干政策問題的通知), the income received by individual foreigners from dividends and bonuses of a foreign-invested enterprise is exempt from individual income tax for the time being. According to the Circular of the Ministry of Finance and the State Administration of Taxation Regarding the Continued Temporary Exemption of Individual Income Taxes Levied on Incomes Obtained from the Transfer of Shares (財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知) effective as of March 30, 1998, incomes from individuals' transfer of stocks of listed companies continued to be temporarily exempted from individual income tax. On February 3, 2013, the State Council approved and promulgated the Notice of Suggestions to Deepen the Reform of System of Income Distribution (國務院批轉發展改革委等部門關於深化收入分配制度改革若干意見的通知). On the same day, the General Office of the State Council promulgated the Circular Concerning Allocation of Key Works to Deepen the Reform of System of Income Distribution (國務院辦公廳關於深化收入分配制度改革重點工作分工的通知). According to these two documents, the PRC government is planning to cancel foreign individuals' tax exemption for dividends obtained from foreign-invested enterprises, and the MOF and the SAT are responsible for making detailed rules. However, relevant implementation rules or regulations have not been promulgated by the MOF or the SAT.

Payment of dividends is subject to restrictions under PRC laws. There is no assurance whether and when we will pay dividends.

In May 2018, our shareholders approved a distribution of cash dividends of RMB51.2 million (tax included) in aggregate, equivalent to approximately RMB4.0 for every 10 shares (tax included), for the year ended December 31, 2017. We paid this dividend in July 2018 with our available cash resources. Under applicable PRC laws, dividends may be paid only out of distributable profits. Distributable profits mean, as determined under PRC GAAP or IFRSs, whichever is lower, our net profits for a period, plus the distributable profits or net of the accumulated losses, if any, at the beginning of such period, less appropriations to transaction risk reserve, statutory surplus reserve (determined under PRC GAAP) and discretionary surplus reserve (as approved by our shareholders' meeting). As a result, we may not have sufficient profit to enable us to make future dividend distributions to our shareholders, even if one of our financial statements prepared in accordance with PRC GAAP or IFRSs indicates that our operations have been profitable. After the completion of the Global Offering, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important. We cannot assure you that our dividend policies will not change in the future.

Increases in labor costs and employee benefits may adversely affect our business and profitability.

Labor costs in China have risen in recent years as a result of social development and increasing inflation in China. Average wages in China are expected to experience continued increases. We may also need to increase our total compensation packages to attract and retain experienced personnel who are required for the achievement of our business objectives. In addition, we are required by the PRC laws and regulations to pay various statutory employee benefits, including pension, housing fund, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, to designated government authorities for the benefits of our employees. We may be determined by the relevant government authorities to have failed to make adequate payments to the statutory employee benefits, due to the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and our lack of understanding of the relevant PRC laws and regulations. As a result, we may be subject to late payment fees or other penalties. We expect that our labor costs, including wages and employee benefits, will continue to increase. Our financial condition and results of operations may be adversely affected as a result of any material increase in our labor costs and employee benefits.

Holders of H Shares may experience difficulties in effecting service of legal process and enforcing judgments against us, our Directors, Supervisors or senior management and to take action on the basis of violations of the Listing Rules.

We are a company incorporated under the laws of the PRC and all of our assets are located in the PRC. Substantially all of our Directors, Supervisors and senior management reside within the PRC and substantially all the respective assets of these Directors, Supervisors and senior management are also located within the PRC. As a result, it may not be possible to effect service of process upon most of our Directors, Supervisors and senior management outside the PRC. Moreover, the PRC does not have treaties providing for reciprocal recognition and enforcement of court judgments in the United States, the United Kingdom, Japan or most other countries. In addition, Hong Kong has no arrangement for the reciprocal enforcement of judgments with the United States. As a result, in the PRC or Hong Kong, recognition and enforcement of court judgments from the jurisdictions mentioned above may be difficult or impossible in relation to any matter that is not subject to a binding arbitration provision. On July 14, 2006, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region signed an Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排). Under this arrangement, where any designated People's Court of the PRC or Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the arrangement remain uncertain.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares and their liquidity and market price may be volatile.

We have applied for the listing of, and permission to deal in, our H Shares on the Stock Exchange. We cannot assure you that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained, or that the market price of our H Shares will not decline following completion of the Global Offering. Furthermore, the price and trading volume of our H Shares may be volatile. The following factors, among others, may affect the trading volume and price of our H Shares:

- actual or anticipated fluctuations in our revenue and results of operations;
- loss of significant customers or material defaults by our customers;
- major changes in our key personnel or senior management;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;

- changes in earnings estimates or recommendations by financial analysts;
- involvement in litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- fluctuations in stock market price and volume and other events or factors beyond our control;
- the release of lockup or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other shareholders; and
- our inability to obtain or maintain regulatory approval for our business operations.

In addition, stock markets and the shares of other companies listed on the Stock Exchange with significant operations and assets in China have experienced increasing price and volume fluctuations in recent years, some of which have been unrelated or disproportionate to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the market price of our H Shares, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

The historic and future market prices of the Domestic Shares on the NEEQ may not be indicative of the performance of our H Shares after the Listing, due to different characteristics of the PRC capital markets and Hong Kong capital markets.

Our Domestic Shares are traded on the NEEQ. The NEEQ and the Stock Exchange have different trading characteristics (including trading volume, trading process and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of the Domestic Shares at the NEEQ and the H Shares might not be the same, even allowing for currency differences.

Fluctuations in the price of our Domestic Shares due to circumstances peculiar to the PRC capital markets could materially and adversely affect the price of our H Shares, and vice versa. Because of the different characteristics of the local capital markets, the historic and future trading prices of our Domestic Shares on the NEEQ may not be indicative of the performance of our H Shares after the Listing.

Since there will be a gap of several days between pricing and trading of our H Shares, holders of our H Shares are subject to the risk that the price of our H Shares could fall during the period before trading of our H Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Hong Kong Business Days after the pricing date. As a result, investors may not be able to sell or deal in our H Shares during that period.

Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins.

Because the initial public offering price of our H Shares is higher than our net tangible book value per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.

The Offer Price of our H Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, all investors and purchasers of our H Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value and existing holders of the Shares will receive an increase in net tangible book value per Share of their Shares. If we issue additional equity securities or equity-linked securities in the future, investors and purchasers of Shares may experience further dilution in their interest.

Future sales or perceived sales of substantial amounts of our securities in the public market, including any future public offering in the PRC or conversion of Domestic Shares into H Shares, could have a material adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future, and may result in dilution of your shareholdings.

The market price of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market or the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price which we deem appropriate. In addition, our Shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings. A certain amount of our H Shares currently outstanding will be subject to contractual and/or regulatory restrictions on resale for a period of time after completion of the Global Offering. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Undertakings by our Company." After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our H Shares could negatively impact the market price of our H Shares and our ability to raise equity capital in the future.

In addition, our Domestic Shares may be converted into H Shares under certain circumstance, subject to the applicable PRC law, regulations and approvals, including internal approval and the approval from the relevant PRC regulatory authorities, and subject to the rules, regulations and procedures of the Hong Kong Stock Exchange. If a significant number of Domestic Shares are converted into H Shares, the supply of H Shares may be substantially increased, which may negatively impact the market price of our H Shares.

We have significant discretion as to how we will use the net proceeds of the Global Offering, and you may not necessarily agree with how we use them.

Our management may spend the net proceeds from the Global Offering in ways you may not agree with or that do not yield a favorable return to our Shareholders. For details of our intended use of proceeds, see "Future Plans and Use of Proceeds." However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Global Offering.

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 market price for our H Shares and trading volume may decline.

The trading market for our H Shares will be influenced by research or reports that industry or securities analysts publish about us or our business. If one or more analysts who cover us downgrade our H Shares or publish negative opinions about us, the market price for our H Shares would likely decline regardless of the accuracy of the information. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price and/or trading volume of our H Shares to decline.

Certain facts and statistics derived from government and third-party sources contained in this prospectus may not be reliable.

We have derived certain facts, forecasts and other statistics in this prospectus, particularly those relating to the PRC, the PRC economy and the industries in which we operate, from the Frost & Sullivan Report, various publicly available official governmental sources from the PRC and other government agencies, industry associations, independent research institutes and other third-party sources. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us and/or the Relevant Persons, and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in "Summary," "Risk Factors," "Industry Overview," "Business" and "Financial Information." Because of 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 to 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 facts, forecasts and statistics.

You should read the entire document carefully, and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering which may or may not include certain information, financial projections, valuations and other information about us and the Global Offering that does not appear in our prospectus. We have not authorized the disclosure of any such information in the press or media and we do not accept any responsibility for the accuracy or completeness of any such press articles or media. 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, or of any assumptions underlying such projections, valuations or other forward-looking information included in or referred to by the press or other media. To the extent that any such information appearing in the press or other media other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors in our H Shares are cautioned to make their investment decisions on the basis of the information contained in this prospectus and should not rely on any other information.

In preparation of the Global Offering, 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

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, an issuer must have sufficient management presence in Hong Kong, and this normally means that at least two of its executive directors must ordinarily reside in Hong Kong.

Given that our business and operation are principally located, managed and conducted in the PRC and our Group's head office situates in and substantially all of our Directors currently reside in the PRC, we consider that it would be unduly burdensome for us to maintain sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

An application for a waiver from strict compliance with the requirement to have a sufficient management presence in Hong Kong under Rules 8.12 and 19A.15 of the Listing Rules has been made to the Stock Exchange and such waiver has been granted by the Stock Exchange subject to the following arrangements to maintain regular and effective communication between us and the Stock Exchange:

(a) **Authorized Representatives**: We have appointed Mr. Hui Dong (executive Director, chief financial officer and secretary to the Board) and Ms. Yu Wing Sze (joint company secretary) as our authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Listing Rules. They will act as our principal communication channel at all times between the Stock Exchange and the Company. Although Mr. Hui Dong resides in the PRC, he possesses valid travel documents and is able to renew such travel documents when they expire in order to visit Hong Kong. The Authorized Representatives will also provide their usual contact details, and each of the Authorized Representatives has confirmed that he/she will be readily contactable by the Stock Exchange and will be available to meet with the Stock Exchange to discuss any matters within a reasonable period of time frame upon request of the Stock Exchange;

(b) **Directors**: When the Stock Exchange wishes to contact our Directors on any matter, each of the Authorized Representatives will have all necessary means to contact all our Directors (including our independent non-executive Directors) promptly at all times. To enhance communication among the Stock Exchange, our Authorized Representatives and our Directors, we have implemented the following measures: (i) each Director must provide his/her mobile number, office number, e-mail address and facsimile number to the Authorized Representatives; (ii) in the event that a Director expects to travel and/or otherwise be out of office, he/she will provide phone number of the place of his/her accommodations or other contact details to the Authorized Representatives; and (iii) we have provided the mobile number, office number, e-mail address and facsimile number of each Director to the Stock Exchange.

We have two independent non-executive Directors, namely Mr. Fan Youyuan and Mr. Leung Siu Hong, who are ordinarily resident in Hong Kong and will act as additional channel of communication between the Stock Exchange and us.

Each of our Directors who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong within a reasonably short period of time. Accordingly, each of our Directors will be able to meet with the Stock Exchange within a reasonable period of time upon prior notice from the Stock Exchange;

(c) **Compliance Advisor**: We have appointed Halcyon Capital Limited as our compliance advisor (the "**Compliance Advisor**") in compliance with Rule 3A.19 of the Listing Rules, who will provide us with professional advice on the continuing obligations under the Listing Rules and act as our additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will be available to answer enquiries from the Stock Exchange and will act as our principal channel of communication with the Stock Exchange when the Authorized Representatives are not available.

We have provided the Stock Exchange with the names, office telephone numbers, facsimile numbers and e-mail addresses of the Compliance Advisor's officers who will act as the Compliance Advisor's contact persons between the Stock Exchange and our Company pursuant to Rule 19A.06(4) of the Listing Rules.

Pursuant to Rule 19A.05(2) of the Listing Rules, we shall ensure that the Compliance Advisor retained by us will have access at all times to our Authorized Representatives, our Directors and other officers. We shall also procure that such persons will provide promptly such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties as set forth in Chapter 3A and Rule 19A.06 of the Listing Rules. We shall ensure that there are adequate and efficient means of communication between our Company, our Authorized Representatives, our Directors and other officers and the Compliance Advisor, and will keep the Compliance Advisor informed of all communications and dealings between us and the Stock Exchange; and

(d) **Legal Advisors**: We shall also retain legal advisors after the Listing (i) to inform us on a timely manner of any amendment or supplement to the Listing Rules and any new or amended laws, regulations or codes in Hong Kong applicable to us, (ii) to provide advice to us on the continuing requirements under the Listing Rules and applicable Hong Kong laws and regulations as required under Rule 19A.06(3) of the Listing Rules, and (iii) to provide advice to us on the application of the Listing Rules and other applicable Hong Kong laws and regulations relating to securities after the Listing.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, the company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of the company secretary. Pursuant to Note 1 to Rule 3.28 of the Listing Rules, the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

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

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

Pursuant to Note 2 to Rule 3.28 of the Listing Rules, in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant law and regulations including the SFO, the Companies Ordinance and the Takeovers Code;

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

(d) professional qualifications in other jurisdictions.

Our Company appointed Ms. Yu Wing Sze, an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom, who meets the requirements under Note 1 to Rule 3.28 of the Listing Rules, as a joint company secretary to work closely with and to provide assistance to Ms. Jiang Hui in discharging her duties as a joint company secretary for an initial period of three years commencing from Listing Date and ending on the third anniversary of the Listing Date (the "**Initial Period**") so as to enable Ms. Jiang Hui to acquire the relevant experience (as required under Note 2 to Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as a joint company secretary.

Both Ms. Jiang Hui and Ms. Yu Wing Sze will be assisted by the Compliance Advisor, particularly in relation to corporate governance practices and ongoing compliance with the Listing Rules and the applicable laws and regulations.

Ms. Jiang Hui will attend relevant training courses, including briefing on the latest changes to the applicable Hong Kong laws and regulations as well as the Listing Rules organized by our Company's Hong Kong legal advisors on an invitation basis and seminars organized by the Stock Exchange for listed issuers from time to time, in addition to the minimum requirement under Rule 3.29 of the Listing Rules. The waiver will be revoked immediately if Ms. Yu Wing Sze ceases to provide assistance and guidance to Ms. Jiang Hui.

Upon expiry of the Initial Period, the qualifications and experience of Ms. Jiang Hui will be re-evaluated. Ms. Jiang Hui is expected to demonstrate to the Stock Exchange's satisfaction that she, having had the benefit of Ms. Yu Wing Sze's assistance during the Initial Period, would then have acquired the "relevant experience" within the meaning of Note 2 to Rule 3.28 of the Listing Rules.

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules. The waiver is valid for the Initial Period. Upon the expiry of the Initial Period, the qualifications of Ms. Jiang Hui will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied. In the event that Ms. Jiang Hui has obtained the relevant experience under Note 2 to Rule 3.28 of the Listing Rules at the end of the Initial Period, a further waiver would no longer be necessary.

ALLOCATION OF H SHARES TO EXISTING PUBLIC HOLDERS OF DOMESTIC SHARES QUOTED ON THE NEEQ AND THEIR CLOSE ASSOCIATES UNDER RULE 10.04 AND PARAGRAPH 5(2) OF APPENDIX 6 TO THE LISTING RULES

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are as follows: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 5(2) of Appendix 6 to the Listing Rules provides that, unless with the prior consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

We have applied and the Stock Exchange has granted a waiver from strict compliance with Rule 10.04 and paragraph 5(2) of Appendix 6 to the Listing Rules and the Stock Exchange's consent for permitting our Company to allocate Offer Shares under the International Offering to existing public holders of our Domestic Shares quoted on the NEEQ and their close associates on the following conditions:

(1) each existing holder of Domestic Shares to whom our Company may allocate Offer Shares under the International Offering must hold less than 5% of the voting rights in our Company prior to Listing;

(2) such holders of Domestic Shares and their close associates are not, and will not be, core connected persons (as defined under the Listing Rules) of our Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the Global Offering;

(3) such holders of Domestic Shares have no right to appoint any director of our Company and do not have other special rights in our Company;

(4) allocation to such holders of Domestic Shares and their close associates will not affect our Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules;

(5) each of our Company, the Joint Bookrunners and the Joint Sponsors (based on their discussions with and confirmations from our Company and the Joint Bookrunners) confirms to the Stock Exchange in writing in accordance with the Guidance Letter HKEX-GL85-16 issued by the Stock Exchange that no preferential treatment has been, nor will be, given to the existing shareholders and their close associates by virtue of their relationship with our Company in any allocation in the International Offering, other than the preferential treatment of assured entitlement under the cornerstone investment with Happy Crown; and

(6) the relevant information in respect of the allocation to our existing Shareholders and/or their close associates will be disclosed in this prospectus or the allotment results announcement of our Company, as the case may be.

References are also made to "Cornerstone Investors — Happy Crown". Mr. Zhou Minghua (周明華) ("**Mr. Zhou**"), a Chinese resident, is our existing Shareholder, who held 1,500,000 Domestic Shares quoted on the NEEQ, representing approximately 1.17% of our total issued share capital as of the Latest Practicable Date. We have applied for, on behalf of the Company, and the Stock Exchange has granted a waiver from strict compliance with Rule 10.04 and paragraph 5(2) of Appendix 6 to the Listing Rules and the Stock Exchange's consent for permitting Mr. Zhou, through Happy Crown, to participate as a cornerstone investor in the Global Offering, subject to the conditions that:

(1) Mr. Zhou holds less than 5% of the voting rights in the Company prior to Listing;

(2) Mr. Zhou, Happy Crown and their respective close associates are not, and will not be, core connected persons (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the Global Offering;

(3) Mr. Zhou and Happy Crown have no right to appoint any director of the Company and do not have other special rights in the Company;

(4) allocation to Mr. Zhou and Happy Crown will not affect the Company's ability to satisfy the public float requirement under Rule 8.08 of the Listing Rules;

(5) the Joint Sponsors shall confirm to the Stock Exchange in writing that based on (i) its discussions with the Company and the Joint Bookrunners; and (ii) the confirmations provided to the Stock Exchange by the Company and the Joint Bookrunners (confirmation (6) mentioned below), and to the best of their knowledge and belief, they have no reason to believe that Happy Crown received any preferential treatment in the IPO allocation as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Guidance Letter HKEX-GL51-13, and details of the allocation will be disclosed in this prospectus and/or the allotment results announcement;

(6) no preferential treatment has been, or will be, given to Mr. Zhou and Happy Crown by virtue of their relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Guidance Letter HKEX-GL51-13, that Happy Crown's cornerstone investment agreement does not contain any material terms which are more favourable to Mr. Zhou and Happy Crown than the other cornerstone investment agreement; and

(7) the relevant information in respect of the allocation to Mr. Zhou and Happy Crown will be disclosed in this prospectus and/or allotment results announcement, as the case may be.

WAIVER AND EXEMPTION IN RESPECT OF FINANCIAL INFORMATION REQUIRED TO BE INCLUDED IN THIS PROSPECTUS

Rule 4.04(1) of the Listing Rules requires a listing applicant to include in the prospectus the consolidated results of the listing group in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Stock Exchange.

Guidance Letter HKEX-GL-25-11 issued by the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows:

(1) the prospectus must include the financial information for the latest financial year and a commentary on the results for the year. The financial information to be included in the prospectus must (a) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) be agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

(2) the applicant must list on the Stock Exchange within three months after the latest year end; and

(3) the applicant must obtain a certificate of exemption from the SFC on compliance with paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Rule 13.49 of the Listing Rules requires a listed issuer to publish its preliminary results for each financial year not later than three months after the end of the financial year.

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that, subject to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it shall not be lawful for any person to issue, circulate or distribute in Hong Kong any prospectus offering for subscription or purchase shares in a company incorporated outside Hong Kong unless, among other things, the prospectus states the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and sets out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance ("**Paragraph 27**") requires the listing applicant to include in the prospectus a statement as to, among other things, the gross trading income or sales turnover (as may be appropriate) of the listing applicant during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance ("**Paragraph 31**") requires the listing applicant to include in the prospectus a report by its auditors with respect to, among other things, its profits and losses and assets and liabilities of the listing applicant in respect of each of the three financial years immediately preceding the issue of the prospectus.

Pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

We have adopted December 31 as our financial year end date. This prospectus currently contains the audited financial results of our Company for the three years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, but is not in strict compliance with the requirements under Rule 4.04(1) of the Listing Rules, Paragraph 27 and Paragraph 31 as the strict compliance with the requirements thereunder would be unduly burdensome and the waiver and exemption thereof would not prejudice the interest of the investing public for the following reasons:

(a) there would not be sufficient time for us and Ernst & Young, the reporting accountants of our Company (the "**Reporting Accountants**"), to complete the audit work on the financial information for the full year ended December 31, 2018 for inclusion in this prospectus. If the financial information is required to be audited up to December 31, 2018, we and the Reporting Accountants would have to undertake a considerable amount of work, costs and expenses to prepare, update and finalise the Accountants' Report and the relevant sections of this prospectus will also need to be updated to cover such additional period within a short period of time;

(b) our Directors and the Joint Sponsors are of the view that the benefits of such additional work to be done by the Reporting Accountants to the potential investors would not justify the additional amount of work, costs and expenses as (i) the Accountants' Report covering the three years ended December 31, 2015, 2016 and 2017 and the nine-month period ended September 30, 2018 would, as required under Rule 8.06 of the Listing Rules, be made up to a date less than six months before the date of this prospectus and, together with the financial information for the latest financial year of December 31, 2018 and a commentary on the results for the year following the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules (the "**Preliminary Financials**"), are capable of providing potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and (ii) all information that is necessary for the potential investors to make an informed assessment of the activities, assets and liabilities, financial position, management and prospect of our Company has been included in this prospectus;

(c) our Company has included the Preliminary Financials in this prospectus, which has been (a) prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants;

(d) our Directors and the Joint Sponsors confirmed that all information necessary for potential investors to make an informed assessment of our activities, assets and liabilities, financial position, management and prospects have been included in this prospectus and that, as such, any waiver or exemption with respect to requirements under Rule 4.04(1) of the Listing Rules and section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to Paragraph 27 and Paragraph 31 (the "**Ordinance Requirements**") will not prejudice the interest of the investing public; and

(e) strict compliance with the requirements under Rule 13.49(1) of the Listing Rules would be unduly burdensome and not particularly meaningful given that our Company will include in this prospectus the Preliminary Financials prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules, and given the short timeframe between the proposed date of publication of this prospectus and the required date of publication of the preliminary financial results, this prospectus shall contain such other information sufficiently updated for the benefits of our Company's shareholders and the investing public. In addition, our Company will issue our annual report for the year ended December 31, 2018 by the end of April 2019 in accordance with Rule 13.46 of the Listing Rules, which will include the audited financial information of our Group for the year ended December 31, 2018.

In light of the above, we have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the requirements under Rules 4.04(1) and 13.49(1) of the Listing Rules, subject to the following conditions:

(a) our Company must list on the Stock Exchange within three months after the latest year end, i.e. on or before March 31, 2019 and our Company has obtained a certificate of exemption from the SFC on strict compliance with the Ordinance Requirements;

(b) the preliminary unaudited financial information for the year ended December 31, 2018 and a commentary on the results for the year will be included in this prospectus. The financial information to be included must (i) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules; and (ii) be agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; and

(c) our Company is not in breach of our constitutional documents or laws and regulations of the PRC or other regulatory requirements relating to our obligation to publish preliminary results announcements.

We have also applied for, and the SFC has granted us, a certificate of exemption from strict compliance with the Ordinance Requirements, on the ground that strict compliance with the Ordinance Requirements would be unduly burdensome for our Company as there would not be sufficient time for us to prepare the full year financial statements for the year ended December 31, 2018 and for the Reporting Accountants to complete the audit thereon prior to the issue of this prospectus, and the exemption will not prejudice the interest of the investing public on the conditions that:

(a) this prospectus shall be issued on or before March 19, 2019 and our Company must list on the Stock Exchange within three months after the latest year end, i.e. on or before March 31, 2019; and

(b) the particulars of the exemptions granted shall be set out in this prospectus.

We have included the unaudited preliminary financial information and a commentary on the results of operations of our Group for the year ended December 31, 2018 in Appendix III to this prospectus, which follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules and have been agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

Our Directors and the Joint Sponsors further confirmed:

(a) that all material information necessary for the public to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of our Group has been included in this prospectus, and that, as such, the waiver granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rules 4.04(1) and 13.49 of the Listing Rules and section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to Paragraph 27 and Paragraph 31, respectively, would not prejudice the interest of the investing public; and

(b) that after performing all due diligence work, up to the Latest Practicable Date, there has been no material adverse change in our financial position or prospects since September 30, 2018 and there has been no event since September 30, 2018 that would materially affect the information shown in "Accountants' Report" set out in Appendix I to this prospectus, "Financial Information" and other sections of this prospectus.

Our Directors confirmed that our Company will comply with Rule 13.46(2) of the Listing Rules by publishing and dispatching our annual report for the year ended December 31, 2018 by April 30, 2019.

INFORMATION AND REPRESENTATION

You should only rely on the information contained in this prospectus and the Application Forms to make your investment decision. None of our Company or any of the Relevant Persons has authorized anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. No representation is made that there has been no change or development reasonably likely to involve a change in our Group's affairs since the date of this prospectus or that the information contained in this prospectus is correct as at any date subsequent to its date.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Listing Rules for the purposes of giving information to the public about us. The Directors collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other matters the omission of which would make any statement herein or this prospectus misleading.

APPROVALS OF CSRC

We have obtained the approval from the CSRC for the Global Offering and the making of the application to list the H Shares on the Stock Exchange on December 14, 2018. In granting such approval, the CSRC accepts no responsibility for the financial soundness of our Group nor the accuracy of any of the statements made or opinions expressed in this prospectus or the Application Forms.

UNDERWRITING

The listing of the H Shares on the Stock Exchange is sponsored by the Joint Sponsors. The Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters listed in "Underwriting", subject to an agreement on the Offer Price between the Company and the Joint Representatives (for themselves and on behalf of the Underwriters). The International Offering is expected to be fully underwritten by the International Underwriters. For further details about the Underwriters and the Underwriting Arrangements, see "Underwriting."

RESTRICTIONS ON THE OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of Offer Shares to, confirm that he/she is aware of the restrictions on offers for the Offer Shares described in this prospectus and the related Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus and/or relevant Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold directly or indirectly in the PRC or the United States. Each person acquiring the Hong Kong Public Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Public Offer Shares to, confirm that he/she is aware of the restrictions on offering and sales of the Hong Kong Public Offer Shares described in this prospectus and the related Application Forms.

The Offer Shares are offered for subscription solely on the basis of the information contained and representations made in this prospectus and the related Application Forms, and on the terms and subject to the conditions set out herein and therein. No person in connection with the Global Offering is authorized to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by the Company or any of the Relevant Persons. For further details of the structure of the Global Offering, including its conditions, and the procedures for applying for the Hong Kong Offer Shares, please see "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" and the relevant Application Forms.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the H Shares (including (i) the Offer Shares; and (ii) any H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Except for the Domestic Shares of our Company that have been quoted on the NEEQ and our pending application to the Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our Shares or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought. All the Offer Shares will be registered on the H Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering."

PROCEDURE FOR APPLICATION OF HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for the Hong Kong Offer Shares" and on the related Application Forms.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisors for the details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made by us for the H Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in the H Shares. It is emphasized that neither our Company nor any of the Relevant Persons accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposing of, or dealing in the H Shares or exercising any rights attached to them.

H SHARE REGISTER AND STAMP DUTY

All of the H Shares issued pursuant to applications made in Global Offering will be registered on our H Share register to be maintained in Hong Kong by the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Our principal register of members will be maintained by us at our head office in the PRC.

Dealings in the H Shares registered on our H Share register will be subject to the Hong Kong stamp duty.

Unless determined otherwise by us, dividends payable in Hong Kong dollars in respect of H Shares will be paid to the Shareholders listed on our H Share register in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed Computershare Hong Kong Investor Services Limited, the H Share Registrar, and it has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until the holder delivers to the H Share Registrar a signed form in respect of those H Shares bearing statements to the effect that the holder:

(i) agrees with us and each of the Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association;

(ii) agrees with us, each of the Shareholders, Directors, Supervisors, managers and senior officers, and we acting for ourselves and for each of the Directors, Supervisors, managers and senior officers agree with each of the Shareholders to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

(iii) agrees with us and each of the Shareholders that the H Shares are freely transferable by the holders thereof; and

(iv) authorizes us to enter into a contract on his or her behalf with each of the Directors, Supervisors, managers and senior officers whereby such Directors, Supervisors, managers and senior officers undertake to observe and comply with their obligations to the Shareholders as stipulated in the Articles of Association.

COMMENCEMENT OF DEALINGS IN SHARES

Dealings in the H Shares on the Stock Exchange are expected to commence on Friday, March 29, 2019. Shares will be traded in board lots of 200 H Shares each.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and Stabilization are set out in “Structure of the Global Offering.”

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail, provided that the English names of the PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names and are included for identification purposes. In the event of inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

EXCHANGE RATE

Solely for convenience purposes, this prospectus includes translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars. No representation is made that the Renminbi amounts could actually be converted into another currency at the rates indicated, or at all. Unless otherwise indicated, (i) the translation between Renminbi and Hong Kong dollars was made at the rate of RMB0.85652 to HK$1.00, the exchange rate prevailing on March 8, 2019 published by the PBOC for foreign exchange transactions and (ii) the translations between U.S. dollars and Hong Kong dollars were made at the rate of HK$7.8497 to US$1.00, being the prevailing rate as set forth in the H.10 weekly statistical release of the Federal Reserve System of the United States on March 8, 2019.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

OTHER

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised, and all data in this prospectus are as of the Latest Practicable Date.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Lei Zhunfu (雷准富)	Room A and B, No. 11, Lane 251 Guiping Road Xuhui District Shanghai PRC	Chinese
Mr. Ye Zaichang (葉再長)	Flat A, 3/F. Greenmont Court Greenvale Village 21 Discovery Bay Road Discovery Bay New Territories Hong Kong	Chinese
Mr. Du Bohong (杜博宏)	Room 1702, No. 47, Lane 888 Wuwei East Road Putuo District Shanghai PRC	Chinese
Ms. Gu Saiye (顧賽曄)	Room 1401, No. 4, Lane 28 Changshou Road Putuo District Shanghai PRC	Chinese
Mr. Hui Dong (惠東)	Room 1802, No. 8, Lane 889 Yingkou Road Yangpu District Shanghai PRC	Chinese
Mr. Luo Songlin (羅松林)	Room 401, No. 306, Lane 1333 Meichuan Road Putuo District Shanghai PRC	Chinese

Name	Residential address	Nationality
Non-executive Director		
Ms. Yao Yuyi (姚育藝)	Room 4E, No. 55, Lane 1520 Huashan Road Changning District Shanghai PRC	Chinese
Independent non-executive Directors		
Mr. Fan Youyuan (范幼元)	Flat 13, 16/F, Block D Villa Lotto 18 Broadwood Road Happy Valley Hong Kong	Chinese
Mr. He Shaojun (何紹軍)	Room 902, No. 8 Sanxiang Haishang Fudi, Lane 58 Luxiao Road Pudong New Area Shanghai PRC	Chinese
Mr. Xue Wencheng (薛文成)	No. 78, Lane 2288 Chenxiang Road Jiading District Shanghai PRC	Chinese
Mr. Leung Siu Hong (梁兆康)	Flat E, 22/F, Block 2 Academic Terrace 101 Pok Fu Lam Road Pok Fu Lam Hong Kong	Chinese

SUPERVISORS

Name	Residential address	Nationality
Mr. Yang Shuaiqi (楊帥麒)	Room 1003, No. 3, Lane 3386 Changzhong Road Jing'an District Shanghai PRC	Chinese
Mr. Yin Xiaoming (印曉明)	Room 501, No. 105, Lane 755 Cangyuan Road Minhang District Shanghai PRC	Chinese
Mr. Qian Yizhi (錢奕志)	Room 802, No. 569, Lane 1518 Guangfulin Road Songjiang District Shanghai PRC	Chinese

For further details of our Directors and Supervisors, see "Directors, Supervisors and Senior Management."

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China Galaxy International Securities (Hong Kong) Co., Limited** 20th Floor Wing On Centre 111 Connaught Road Central Sheung Wan Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
Joint Global Coordinators	**China Galaxy International Securities (Hong Kong) Co., Limited** 20th Floor Wing On Centre 111 Connaught Road Central Sheung Wan Hong Kong
	China International Capital Corporation Hong Kong Securities Limited 29th Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
	CMB International Capital Limited 45th Floor Champion Tower 3 Garden Road Central Hong Kong

Joint Bookrunners

China Galaxy International Securities (Hong Kong) Co., Limited
20th Floor
Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited
45th Floor
Champion Tower
3 Garden Road
Central
Hong Kong

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central
Hong Kong

ABCI Capital Limited
11th Floor
Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
Unit 5801-05 & 08-12
58th Floor
The Center
99 Queen's Road Central
Hong Kong

Zhongtai International Securities Limited
19th Floor
Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Industrial Securities International Capital Limited
7th Floor
Three Exchange Square
8 Connaught Place
Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27th Floor
Lower Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Joint Lead Managers

China Galaxy International Securities (Hong Kong) Co., Limited
20th Floor
Wing On Centre
111 Connaught Road Central
Sheung Wan
Hong Kong

China International Capital Corporation Hong Kong Securities Limited
29th Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CMB International Capital Limited
45th Floor
Champion Tower
3 Garden Road
Central
Hong Kong

CCB International Capital Limited
12/F CCB Tower
3 Connaught Road Central
Central
Hong Kong

ABCI Securities Company Limited
10th Floor
Agricultural Bank of China Tower
50 Connaught Road Central
Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
Unit 5801-05 & 08-12
58th Floor
The Center
99 Queen's Road Central
Hong Kong

Zhongtai International Securities Limited
19th Floor
Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

China Industrial Securities International Capital Limited
7th Floor
Three Exchange Square
8 Connaught Place
Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27th Floor
Lower Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

CGS-CIMB Securities (Hong Kong) Limited
25th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

Golden Rich Securities Limited
22nd Floor
Siu On Centre
188 Lockhart Road
Wan Chai
Hong Kong

Lead Securities (HK) Limited
Unit A, 23rd Floor
The Wellington
198 Wellington Street
Sheung Wan
Hong Kong

Lego Securities Limited
Room 301
3rd Floor
China Building
29 Queen's Road Central
Central
Hong Kong

Legal advisors to the Company

As to Hong Kong laws and U.S. laws:

Fangda Partners
26th Floor
One Exchange Square
8 Connaught Place
Central
Hong Kong

As to PRC laws:

Anjie Law Firm
19th Floor, Tower D1
Liangmaqiao Diplomatic Office Building
No. 19 Dongfangdonglu
Chaoyang District
Beijing
China

Legal advisors to the Joint Sponsors and the Underwriters

As to Hong Kong laws and U.S. laws:

Kirkland & Ellis
26th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

	As to PRC laws:
	Allbright Law Offices 9, 11, 12/F, Shanghai Tower No. 501, Yincheng Middle Rd. Pudong New Area Shanghai China
Reporting accountants	**Ernst & Young** *Certified Public Accountants* 22/F, Citic Tower 1 Tim Mei Avenue Central Hong Kong
Compliance Advisor	**Halcyon Capital Limited** 11/F, 8 Wyndham Street Central Hong Kong
Industry consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1018, Tower B No. 500 Yunjin Road Shanghai China
Receiving banks	**Bank of Communications Co., Ltd. Hong Kong Branch** 20 Pedder Street Central Hong Kong
	CMB Wing Lung Bank, Limited 19/F, CMB Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong

Registered Office	Room 208 652, 656 Lingshi Road Jing'an District Shanghai PRC
Headquarters in the PRC	Room 208 652, 656 Lingshi Road Jing'an District Shanghai PRC
Principal Place of Business in Hong Kong	31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Company's website	**http://www.auto1768.com** *(the information contained on this website does not form part of this prospectus)*
Joint company secretaries	Jiang Hui (蔣卉) Room 209 652, 656 Lingshi Road Jing'an District Shanghai PRC Yu Wing Sze (余詠詩) *(ACIS, ACS)* 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong

Authorized Representatives (for the purpose of the Listing Rules)	Hui Dong (惠東) Room 1802, No. 8, Lane 889 Yingkou Road Yangpu District Shanghai PRC
	Yu Wing Sze (余詠詩) *(ACIS, ACS)* 31/F, Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Strategic Development Committee	Ye Zaichang (葉再長) *(Chairman)* Lei Zhunfu (雷准富) Du Bohong (杜博宏) Gu Saiye (顧賽曄) Luo Songlin (羅松林)
Audit and Compliance Committee	Leung Siu Hong (梁兆康) *(Chairman)* Xue Wencheng (薛文成) Fan Youyuan (范幼元) He Shaojun (何紹軍)
Remuneration and Appraisal Committee	He Shaojun (何紹軍) *(Chairman)* Ye Zaichang (葉再長) Fan Youyuan (范幼元)
Nomination Committee	Fan Youyuan (范幼元) *(Chairman)* Lei Zhunfu (雷准富) Xue Wencheng (薛文成)
H Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Principal Bankers	Bank of Communications (Shanghai West Branch) No. 350 Jiangning Road Shanghai PRC
	China Minsheng Bank (Shanghai North Branch) No. 549 Hutai Road Shanghai PRC
	Shanghai Pudong Development Bank (Putuo Branch) No. 746 Changshou Road Shanghai PRC

The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by Frost & Sullivan in connection with the Global Offering (the "Frost & Sullivan Report"). We believe that the sources of such information and statistics are appropriate and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted which would render such information false or misleading in any material respect. However, neither we nor any of the Relevant Persons have independently verified such information, and neither we nor any other party involved in the Global Offering are giving any representation as to the accuracy or completeness of such information. Certain information and statistics included herein may not be consistent with other information and statistics compiled within or outside of China by third parties. As such, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. For a discussion of risks relating to our industries, see "Risk Factors — Risks Relating to Our Industry."

SOURCES OF INFORMATION

In connection with the Global Offering, we have commissioned Frost & Sullivan to conduct market research concerning the insurance agency market and the integrated automobile after-sales service market in China, as we believe that Frost & Sullivan has specialized research capabilities and experience in tracking user data for such markets.

The Frost & Sullivan Report

Frost & Sullivan is an independent global consulting firm that offers industry research and market strategies covering various industries including technology, media, telecom and consumer products. In preparing the Frost & Sullivan Report, Frost & Sullivan adopted multi-source methodologies to build up industry data, and conducted secondary research, which involved the review of industry reports, trade journals, public company annual reports, independent research reports and data from market database and Frost & Sullivan's in-house research database. Frost & Sullivan also conducted primary research, which involved in-depth telephone and face-to-face interviews with experienced industry experts and leading industry participants. Frost & Sullivan's projections on market sizes are based on its market forecasting methodology, which takes into consideration various factors, including (i) historical data, (ii) macroeconomic environment, (iii) key market drivers and restraints of the related market estimated by Frost & Sullivan, and (iv) expert opinions on the future development.

Frost & Sullivan's projections on the market sizes of the auto use ecosystem, as well as the automobile insurance agency market and integrated automobile after-sales service market in China are based on certain assumptions, including: (i) the stability of the global and PRC's social, economic and political environment; and (ii) related key industry drivers remain relevant and continue to affect the market over the forecast period. The different assumptions and estimates made by Frost & Sullivan, and the limitations on the availability of certain data, may impact the comparability of certain industry data. We have agreed to pay Frost & Sullivan a commission fee of RMB0.9 million for the preparation of the Frost & Sullivan Report.

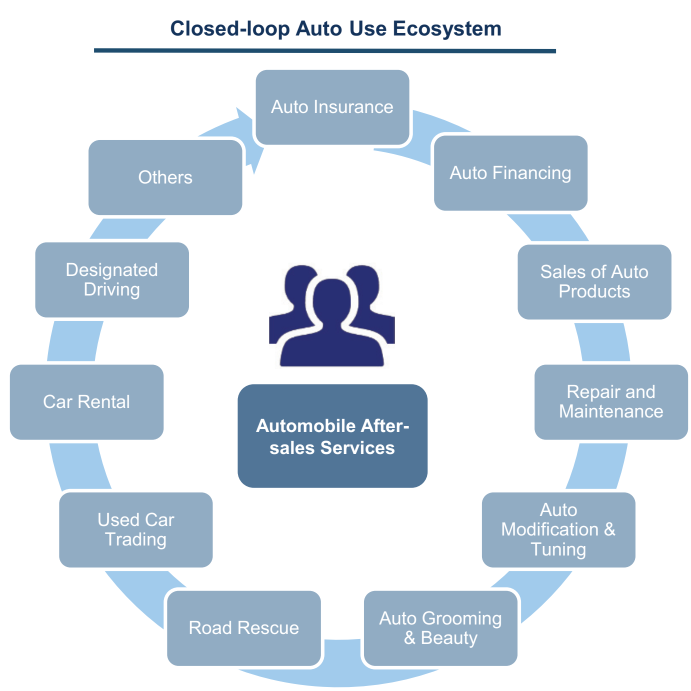
Directors' Confirmation

After making reasonable enquiries, our Directors confirm that there has been no adverse change in the market information presented in the Frost & Sullivan Report since the date of the report which may qualify, contradict or have an impact on the information in this Industry Overview section.

OVERVIEW OF THE AUTO USE ECOSYSTEM IN CHINA

The auto use ecosystem has a broad scope and generally refers to the provision of all services and products provided to car owners during their use. Major services within the auto use ecosystem include sales of auto products, auto repair and maintenance, auto modification and tuning, auto grooming and beauty, auto insurance, auto financing, car rental and used car trading.

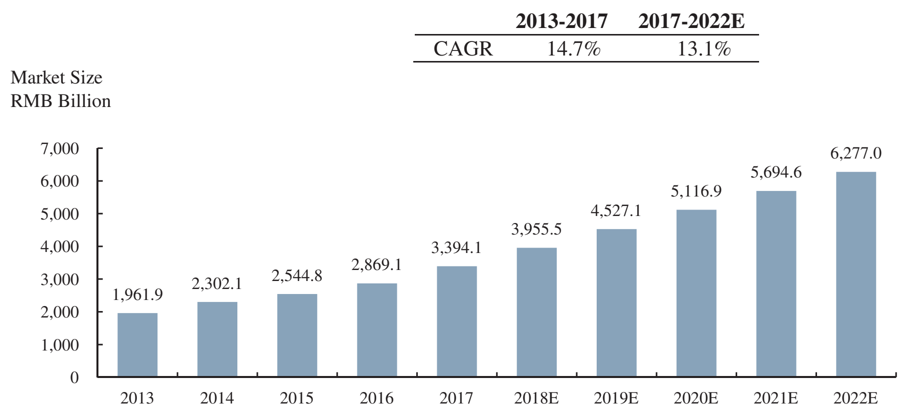
The diagram below illustrates the services within the auto use ecosystem.



Market Size of the Auto Use Ecosystem in China

Driven by an increase in car ownership and rising average vehicle ages, the market size of the auto use ecosystem in China has witnessed a robust growth from RMB1,961.9 billion in 2013 to RMB3,394.1 billion in 2017, representing a CAGR of 14.7%. Going forward, the market size of China's auto use ecosystem is expected to continue experiencing a stable growth, increasing from RMB3,394.1 billion in 2017 to RMB6,277.0 billion in 2022.

Market Size of Auto Use Ecosystem



Source: Frost & Sullivan Report

OVERVIEW OF THE AUTOMOBILE INSURANCE MARKET IN CHINA

Automobile insurance includes SALI and commercial insurance. The SALI premium is paid annually with rates determined by accident record and capacity of the vehicle. The commercial insurance is classified into two categories, primary insurance and additional insurance. The premium of commercial insurance is generally decided by the sales price of the vehicle, records of traffic regulation violation and other possible variables. The premium of commercial insurance is frequently adjusted according to the accident rate of the insured in previous years.

Market Size of the Automobile Insurance in China

China's automobile insurance market grew from RMB457.6 billion in 2013 to RMB735.7 billion in 2017 in terms of insurance premium, representing a CAGR of 12.6% from 2013 to 2017. This was mainly attributed to the growing volume of car ownership and improvements in policies and regulations, and people's increasing willingness to have a full coverage of insurance. The growth in car ownership would contribute to a continuous growth in automobile insurance premium. It is estimated that the automobile insurance premium will increase from RMB735.7 billion in 2017 to RMB1,121.0 billion in 2022, representing a CAGR of 8.8%.

OVERVIEW OF THE AUTOMOBILE INSURANCE AGENCY MARKET IN CHINA

According to the Provisions on the Supervision and Administration of Professional Insurance Agencies promulgated by the CBIRC, the business scope of professional insurance agency encompasses: (i) selling insurance products for the principal; (ii) collecting premiums for the principal; (iii) conducting loss surveys and handle claims for relevant insurance business for the principal; (iv) other businesses specified by the CBIRC.

Number of Professional Insurance Agencies in China

The number of professional insurance agencies has remained relatively stable during the past five years. In 2017, there were approximately 1,700 professional insurance agencies, of which only approximately 220 insurance agency institutions had nationwide insurance agency licenses. There are no limits to the type of insurance products distributed by the insurance agencies.

Total Insurance Premium of China's Automobile Insurance Agencies

In line with the increase in the number of automobile insurance agencies, total insurance premiums sourced from automobile insurance agencies grew at a CAGR of 14.6% from 2013 to 2017, primarily driven by (i) the stable demand and the increasing insurance awareness among Chinese consumers, (ii) the diversified automobile insurance product offerings by insurance companies, and (iii) the ambitious expansion and promotion of insurance agencies.

Based on their principal businesses, insurance agencies can be divided into professional insurance agencies and part-time insurance agencies. Professional insurance agencies, also called full-time insurance agencies, have a principal business of distributing insurance products. All professional insurance agencies are required to obtain the insurance agency business permits issued by the CBIRC. Part-time insurance agencies mainly comprise commercial banks, postal offices and automobile dealerships, and the distribution of insurance products is an ancillary business for them. All part-time insurance agencies are required to obtain part-time insurance agency business permits issued by the CBIRC. From 2013 to 2017, the automobile insurance premium of part-time insurance agencies and professional insurance agencies grew at a CAGR of 12.8% and 20.0%, respectively.

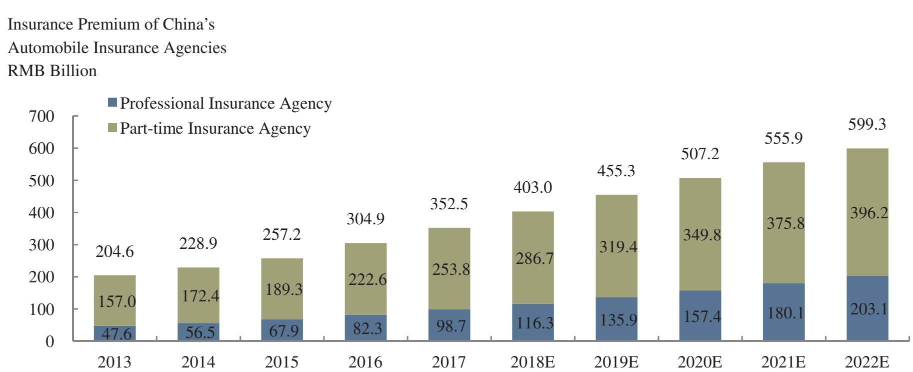
According to the Frost & Sullivan Report, insurance premiums sourced from automobile insurance agencies is expected to grow from RMB352.5 billion in 2017 to RMB599.3 billion in 2022, representing a CAGR of 11.2%, on the basis of, amongst others, the willingness of insurance companies to continue to utilise insurance agencies to promote sales of their insurance products, as (i) insurance agencies tend to have relatively more extensive sales network penetration with presence in areas where insurance companies might not have or have sufficient operational coverage; (ii) insurance agencies can provide relatively better and more timely after-sales services such as policy renewal and claims assistance which insurance companies may not be as willing to devote resources on; (iii) outsourcing of sales and marketing functions enables insurance companies to focus their resources on their core competency of insurance product design and development instead of diverting resources on managing and operating a vast internal sales force.

Additionally, in recent years, many insurance companies are leaning more towards the use of professional insurance agencies in lieu of part-time insurance agencies, because (i) as opposed to part-time insurance agencies which undertake sales and marketing of insurance products only as their ancillary business, the principal business of professional insurance agencies is by nature the sales and marketing of insurance products and as such, their company resources would be primarily devoted to such principal business activities; (ii) part-time insurance agencies tend to have a higher claims rates which considerably increases the costs of insurance companies; and (iii) given that part-time insurance agencies are generally sizeable commercial banks, postal offices and 4S dealerships and having their own respective principal businesses, insurance companies typically have less bargaining power over these part-time insurance agencies than with professional insurance companies. The CBIRC has also been encouraging professional insurance agencies, while introducing more stringent policies to regulate part-time insurance agencies. With the increasing emphasis on professional insurance agencies by insurance companies and tightening regulations on part-time insurance agencies, automobile insurance premiums sourced from part-time insurance agencies is expected to grow at a slower CAGR of 9.3% from 2017 to 2022 while premiums sourced from professional insurance agencies is expected to continue to grow more rapidly at a CAGR of 15.5% from 2017 to 2022.

The following chart sets forth the breakdown of the insurance premium in the automobile insurance agency market in China by type of insurance agency.

Insurance Premium in the Automobile Insurance Agency Market, and Breakdown by Type of Insurance Agencies, China, 2013-2022E

CAGR	2013-2017	2017-2022E
Total Auto Insurance Premium	14.6%	11.2%
Professional Insurance Agency	20.0%	15.5%
Part-time Insurance Agency	12.8%	9.3%



Source: Frost & Sullivan Report

The advancement of financial technologies, or FinTech, and the emergence of Internet insurance products allow insurance companies to directly access to a broader customer base at a low cost, leading to a challenge facing insurance agencies: disintermediation. A rising number of traditional insurance companies have established their own online platforms to sell Internet insurance products directly to consumers. More recently, the advent of a few online-only Internet insurance companies, such as ZhongAn Insurance, is regarded as an emerging force to further disintermediate China's insurance industry.

However, it is believed that the impact of disintermediation to insurance agencies is relatively limited, as human interactions and involvement of salespersons can enhance purchase experiences of end consumers, and insurance agencies with physical salesforce can also enhance the after-sales experience of end consumers by offering valued added after-sales services such as policy renewal and claims assistance. Moreover, insurance agencies typically carry a wide range of insurance products from different insurance companies, enabling end consumers to enjoy the experience of expedient, one-stop product selection from a wide product range without having to expand a lot of efforts in identifying and comparing products of different insurance companies.

Key Market Drivers of the Automobile Insurance Agency Market in China

Growing Number of Vehicles in Use

China has become the largest auto market in the world in terms of sales volume and the number of vehicles in use. During the past five years, the volume of passenger vehicles in use in China has experienced a stable growth at a CAGR of 13.6%. For the coming years, benefiting from the expected steady economy growth and the increase in GDP per capita as well as other driving factors, the volume of passenger vehicles in use is expected to reach 291.7 million in 2022, representing a CAGR of 9.2% from 2017 to 2022. In line with the growing number of vehicles in use, the demand for automobile insurance products is expected to increase steadily, which will continue to drive the development of auto insurance agency market.

Comparatively Low Penetration Rate of Agency Business in China

Despite the rapid growth in recent years, the insurance agency sector is still at an early stage of development. The penetration rate of the insurance agency business in the automobile insurance sector in China, as measured by the premium of automobile insurance policies sold by insurance agents as a percentage of the total premium underwritten in a particular year, was 47.9% in 2017, which is much lower than that of developed countries where agencies are a predominant sales channel. The low penetration rate was primarily due to the limited development time of China's insurance agency sector and less diversified distribution channels of property and casualty insurance companies which highly relied on their in-house sales forces in the early development phase. In recent years, with the development and maturity of the insurance industry, insurance companies tend to outsource sales work so that they can focus on insurance products design and other businesses with higher added-value. Given that insurance companies increasingly emphasize on the role of professional insurance agencies and that they are willing to involve more agencies as distribution channels, it is believed that the penetration rate of insurance agency business in China's auto insurance sector will continue to grow, driving the continuous growth of the insurance agency market. The low penetration rate of insurance agency business in China's auto insurance sector indicates a great growth potential and ample market opportunities.

Adoption of the Internet+ Strategy in Automobile Insurance Agency Sector

Owing to the great influence of the "Internet+" strategy, Internet technologies have been widely adopted in the insurance agency sector, as evidenced by the establishment of a number of emerging online insurance agency platforms by Internet start-ups and the introduction of PC interfaces or mobile app interfaces by many insurance agencies, which has disrupted the traditional model of face-to-face sales. Internet technologies allow insurance agencies to access a much broader customer base in a more efficient way and save time and premium expenditures for consumers. The increasing popularity and familiarity of online purchases of automobile insurance products among consumers, coupled with the continuous introduction of diversified Internet automobile insurance products and the innovation on online sales platforms on the supply side, together drive the mass adoption of Internet-based insurance agency services.

Key Market Trends of the Automobile Insurance Agency Market in China

Stably Growing and Increasingly Diversified Demand for Auto Insurance Products Will Continue

The demand for auto insurance products is expected to pick up the growing momentum, driven by the ongoing new vehicle sales and the vehicles in use, the increasing insurance awareness and the vigorous efforts made by various parties in the insurance industry to upgrade insurance products and to improve ancillary service abilities. The number of passenger vehicles in use in China increased at a CAGR of 13.6% from 113.1 million in 2013 to 188.2 million in 2017, and is expected to continue to grow at a CAGR of 9.2% to reach 291.7 million in 2022. Furthermore, more new types of insurance products, such as insurance targeting new energy vehicles are tailored to the newly-emerging and diversified consumer needs.

The Automobile Insurance Agency Market Will Accelerate its Industry Consolidation

Due to its relatively short development history, the professional insurance agency market is still fragmented, which indicates substantial opportunities for further growth and consolidation. In addition, with the increasing attention on promoting the healthy and well-regulated development of the insurance agency market, the Chinese government has tightened the regulatory environment by promulgating a series of regulatory policies and raising industry standards and entry barriers. As a result, those insurance agencies who operate illegally and/or in small scale are at risk of being forced out of the market due to the intensifying competition. On the other hand, leading players are expected to benefit from the improved regulatory environment in the long run.

Technological Advancement Will Improve the Insurance Products and Further Enhance Operational Efficiency

With the advancement of technologies, including Internet of vehicles, big data, cloud computing and artificial intelligence, as well as the increasing adoptions of usage-based automobile insurance, it will be much easier for insurance companies to access enormous data of driver and vehicle conditions, and create a new pricing model including risk assessments and policy premiums. As a result, their capabilities of delivering automobile insurance products at an efficient and cost-effective way can be further improved in the future.

Entry Barriers of the Automobile Insurance Agency Market in China

License Barrier

In accordance with regulations published by the CBIRC, institutions who engage in the insurance agency business are required to obtain relevant licenses from the CBIRC. Due to the tightening regulatory changes, it becomes increasingly difficult to obtain licenses from the CBIRC, which further hinders new entrants to the market. In 2017, 11 nationwide insurance agencies managed to obtain licenses from the CBIRC. However, only 3 companies had obtained nationwide insurance agencies licenses in 2018.

Capital Barrier

The establishment of an insurance agency in China requires considerable capital investment. According to the Provisions on the Supervision and Administration of Professional Insurance Agencies promulgated by the CBIRC in October 2015, the registered capital shall not be less than RMB50,000,000, except as otherwise specified by the CBIRC. In addition, large capital expenditures are also required to facilitate geographical business expansions and the establishment of distribution networks.

Business Barrier

A solid relationship with insurance companies allows insurance agencies to gain more marketing and promotion support, as well as a higher commission fee rate.

Sales Network Barrier

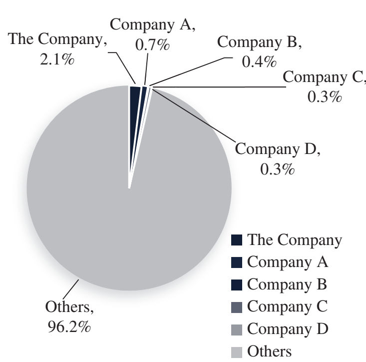
An extensive sales network allows insurance agents to remain at close proximity with consumers and have a better understanding of their needs, and hence to further facilitate their business expansion and enhance their market presence. The establishment of nationwide sales networks requires the relevant licenses from the CBIRC, abundant insurance agents resources who have accumulated knowledge and experience in the insurance industry, and continuous training for insurance agents to provide high-quality and professional services, all of which are difficult to obtain in a short time and thus pose significant barrier for new entrants.

Competitive Landscape of the Professional Automobile Insurance Agency Market in China

The professional automobile insurance agency market accounted for approximately 28.0% of the overall automobile insurance agency market in China in 2017, in terms of the insurance premium. The professional automobile insurance agency market in China is highly fragmented, with the top five players accounting for an aggregate market share of 3.8% in terms of automobile insurance premium facilitated in 2017. Among the top five players, four were nationwide insurance agencies.

We ranked first among these players with total automobile insurance premium facilitated of approximately RMB2.1 billion in 2017, representing a market share of 2.1% in 2017. In addition, we enjoyed the highest growth rate among the top five professional insurance agencies in terms of automobile insurance premium facilitated, with a year-on-year growth rate of 63.6% from 2016 to 2017.

Market Share of Professional Insurance Agencies by Automobile Insurance Premium, China, 2017



Ranking of Professional Insurance Agencies by Automobile Insurance Premium, China, 2017

Ranking	Platform Name	Insurance Premium of Auto Insurance Agency Business	Year on Year Growth Rate	Service Scope	Geographical Coverage
		(RMB Billion)	%		
1	The Company	2.1	63.6	Various automobile insurance products, including statutory automobile liability insurance and non-mandatory commercial automobile insurance	Nationwide
2	Company A	0.7	9.5	Mainly engage in distributing both property & casualty insurance products and life & health insurance products for its parent company	Nationwide
3	Company B	0.4	35.0	Mainly distributes property & casualty insurance products, life & health insurance, with the former accounting for a significant share of its total revenue	Nationwide
4	Company C	0.3	-3.6	Mainly engage in distributing both property & casualty insurance products and life & health insurance products. Recently, it has shifted its focus towards property & casualty insurance and distributed automobile insurance products on an ancillary basis by decreasing sales resources invested in automobile insurance segment.	Nationwide
5	Company D	0.3	10.6	Mainly engage in distributing automobile insurance products and it offers automobile-related services on an ancillary basis. Currently, its sales network is limited to Zhejiang, Sichuan, Shandong, Gansu provinces.	Regional
	Others	94.9			
	Total	**98.7**			

Source: Frost & Sullivan Report

Note: Professional insurance agencies who failed to operate throughout the full year of 2017 for reasons such as being acquired and insurance agency license being disqualified were not taken into consideration when ranking.

OVERVIEW OF THE INTERNET AUTOMOBILE INSURANCE AGENCY MARKET IN CHINA

An Internet automobile insurance agency refers to an automobile insurance agency that leverages Internet technology, distributes auto insurance products through its online sales interface, including computer interface and mobile app, which are designed to assist its sales staff and to promote sales in its offline channels.

Through an online sales interface, the sales staff of an insurance agency can easily obtain information on a variety of products from different insurance companies. Furthermore, they can recommend insurance products and complete the whole insurance transaction process, including information consultation, plan design, and insuring, for their clients.

Key Market Trends of the Internet Automobile Insurance Agency Market in China

Internet-based sales platform will become mainstream and online-to-offline models will have strong potential

Driven by the great convenience, low consumer acquisition cost, and increased operational efficiency resulted from the establishment of Internet-based sales platforms, more insurance agencies are attracted to build their own online sales interfaces. It is expected that in the near future, Internet-based sales platforms will become a mainstream sales channel for auto insurance products. Considering the essential role of after-sales services for an auto insurance transaction, especially breakdown services and assistance with claim settlement, the online-to-offline models that allows consumers who purchase products online to enjoy various after-sales service offline will have strong growth potential.

Stringent Market Regulation

The CBIRC has been strengthening the supervision on the online auto insurance transaction market. Auto insurance companies are required by the CBIRC to strengthen the control on the third-party online auto insurance platform in terms of their compliance and qualification. According to the latest official regulations, a third-party online platform without an insurance agency license issued by the PRC government would not be allowed to conduct any online insurance sales-related activities to customers. Due to a stricter regulatory environment, a large amount of industry players lacking the required qualifications will be eliminated and the market is expected to operate more orderly in the future.

Entry Barriers of the Internet Automobile Insurance Agency Market in China

Qualification Barrier

The CBIRC has continued to strengthen regulations on the online auto insurance market. Insurance companies, agencies and brokers that wish to conduct any online insurance sales-related activities must follow the applicable regulatory procedures and register with the relevant government authorities.

Technical Barrier

In order to ensure a good user experience, online sales interfaces need to smoothly connect the insurance products from different insurers with users nationwide which have different preferences and characteristics. It requires the insurance agencies to have a strong in-house database, advanced algorithm and computing technologies, which pose a high technical barrier.

OVERVIEW OF THE INTEGRATED AUTOMOBILE AFTER-SALES SERVICE MARKET IN CHINA

An integrated automobile after-sales service provider refers to one that offers comprehensive and integrated automobile services to customers through offline service channels, such as 4S dealerships, repair and maintenance stores and other offline automobile service providers.

Based on different customer types, the integrated automobile after-sales service market can be categorized into the B2B and B2C segments.

B2B integrated automobile after-sales service providers offer their products and services to corporate customers which primarily comprise of banks, airlines, insurance companies, telecom companies and online platforms such as Over-The-Air and e-commerce platforms.

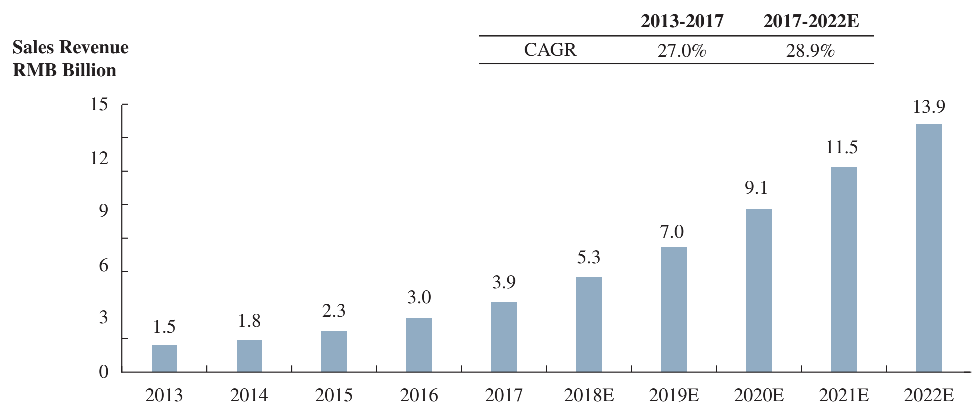
B2C integrated automobile after-sales service providers offer their products and services directly to the consumers (or end users). A few online professional automobile service platforms are emerging in China, from which consumers can directly purchase relevant services online and enjoy services at offline automobile service stores.

B2B Integrated Automobile After-Sales Service Market in China

Sales Revenue of the B2B Integrated Automobile After-Sales Service Market in China

The sales revenue of the B2B integrated automobile after-sales service market has experienced a rapid growth at a CAGR of 27.0% from 2013 to 2017. This trend was primarily driven by the growing demand of automobile services as a result of the stably expanding number of vehicles in use, increasing investment by corporate customers to offer more value-added services to improve their customer loyalty, increasing familiarity with automobile service delivery and upgraded automobile service offerings on the side of suppliers. Going forward, such sales revenue is expected to increase from RMB3.9 billion in 2017 to RMB13.9 billion in 2022, representing a CAGR of 28.9% from 2017 to 2022.

Sales Revenue of B2B Integrated Automobile After-Sales Service Market, China, 2013-2022E



Source: Frost & Sullivan Report

Key Market Drivers of the B2B Integrated Automobile After-Sales Service Market in China

Increasing Number of Vehicles in Use

China, which has the largest passenger vehicle ownership in the world, presents huge market potential for the integrated automobile after-sales service market in China. The average warranty period for vehicles in China is typically three years. With more passenger vehicles out of warranty period, spendings by consumers will increase accordingly, which will drive the demand for spare parts and maintenance services. Furthermore, with the increasing attention on regular maintenance and auto beauty, Chinese consumers' willingness to schedule maintenance and auto beauty frequently and on a regular basis has risen, generating abundant market opportunities for integrated automobile after-sales service providers.

Growing Demand from Corporate Customers

Currently, in order to improve service offerings and maintain customer loyalty to better respond to the intensifying competition and changing consumer needs, corporate customers such as banks and airline companies have started to build their reward points systems by offering relevant premium services to their customers, which generates considerable market opportunities for B2B integrated automobile after-sales service providers.

Prominent Advantages of Integrated Automobile After-Sales Services

China's automobile service market is highly fragmented with a large number of small, independent automobile service providers that only provide a limited range of services, which are often marked by low efficiency, inferior consumer experience and loose control on service and product quality in traditional integrated automobile after-sales service industry. However, integrated automobile after-sales service providers can address these problems by integrating all the scattered and independent automobile service providers into their own service networks, and by setting up stringent service standards to ensure the consistency of service quality. They are capable of delivering a one-stop and comprehensive service offerings to satisfy the diversified needs of end users. As a result, they significantly enhance and optimize the efficiency of the industry value chain.

The Mass Adoption of the Online-to-Offline Service Mode

Against the backdrop of the deepening penetration of Internet technologies in the integrated automobile after-sales service market, coupled with the flourish of innovative online-to-offline business models that organically integrate online traffic and offline services, more consumers are willing to reserve various automobile services online and enjoy relevant services in the offline stores nearby. In this regard, the online-to-offline service model can help consumers to save a lot of time and obtain similar services in a highly efficient and cost-effective manner, which drives the growing demand for integrated automobile after-sales services under such service model.

Key Market Trends of the B2B Integrated Automobile After-Sales Service Market in China

Increasing Demand for Integrated Automobile After-Sales Services

Driven primarily by the steadily growing number of vehicles in use, the expanding demand for various value-added service such as designated driving and vehicle violation service, as well as the great convenience resulted from the all-round service solution provided, the demand for integrated automobile after-sales services is expected to witness a sustainable growth in the long run.

The Service Delivery Procedure and Products Will be More Standardized

In order to better manage their extensive service networks, a few leading players have designed a series of service standards and continuously improve their service delivery procedures by enhancing the standardization of their products and services. Going forward, it will become a key development focus for the integrated automobile after-sales service providers who aim to rapidly expand service networks without sacrificing the quality of the service their offline service providers delivered.

Integration and Consolidation

Certain integrated automobile after-sales service providers opt to establish their service networks by integrating the scattered and independent offline service providers, which allows them to expand their geographical distribution and service scope in an expedient and cost-effective way, and promotes the resource integration along the value chain, leading a win-win partnership. In the future, such model is expected to be widely adopted and the consolidation will be further strengthened, with leading players acquiring or cooperating with more service providers to deepen their penetration across China.

More Innovation on the Online-to-Offline Business Model

Attracted by the market potential, many integrated automobile after-sales service providers have developed their online-to-offline service processes to deliver automobile services. Due to the homogeneous business model, low consumer loyalty and lack of competitive edges have become a great concern of integrated automobile after-sales service providers. How to spawn more innovative business models and to optimize the resources online and offline have become one of the priorities for current players and new entrants among the intensifying competition.

Entry Barriers of B2B Integrated Automobile After-Sales Service Market in China

Channel Networks Barrier

A high-quality and large-scale offline service supply network is essential to the growth of an integrated automobile after-sales service provider. For those who build up their service networks by integrating existing independent service suppliers, it has become a key challenge in their business expansion as to how to manage their external referral sources.

Leading players in the market have accumulated proven management capabilities, and have established good relationship with external referral sources and extensive service networks, which are difficult for new entrants to acquire in a short period.

Customer Base Barrier

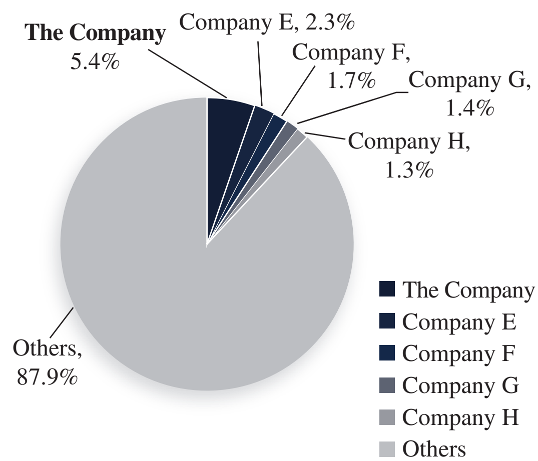
The broad and stable institutional customer base is crucial to the integrated automobile after-sales service market. For new entrants, due to the lack of their brand recognition, it is difficult to obtain sufficient institutional customer base in a short time. Institutional users tend to maintain a long-term cooperative relationship with particular suppliers who have proven track record and reliable capabilities, in order to ensure consistency of service quality and end user experience. Moreover, institutional customers generally have higher requirements when selecting suppliers. Hence, the integrated automobile after-sales service providers with large-scale and quality services are more likely to be invited to submit bids and succeed in the bidding and centralized procurement process.

Competitive Landscape of the B2B Integrated Automobile After-Sales Service Market in China

The B2B integrated automobile after-sales service market is relatively fragmented, with the top five players accounting for a combined market share of 12.1% in terms of sales revenue generated from B2B integrated automobile after-sales services in 2017. A majority share is contributed by enormous local automobile service providers. They generally only serve local business customers and thus their business scale is limited by their service networks.

We ranked first in terms of sales revenue generated from B2B integrated automobile after-sales services in 2017, representing a market share of 5.4% in 2017. Among the top five players, we provide a broader and more complete automobile service offering, including car wash and beauty, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistance and breakdown services.

Market Share of B2B Integrated Automobile After-Sales Service Market by Sales Revenue, China, 2017



Source: Frost & Sullivan Report

Ranking of B2B Integrated Automobile After-Sales Service Market By Sales Revenue, China, 2017

Rank	Platform Name	Sales Revenue	Market Share	Service Scope	Geographical Coverage	Number of Offline Service Stores
		(RMB in Millions)				
1	**The Company**	209.0	5.4%	Car wash and beauty, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistant and breakdown services.	Nationwide	~14.4 thousand
2	Company E	90.0	2.3%	Sales of auto products, repair and maintenance	Nationwide	~1.2 thousand
3	Company F	64.0	1.7%	Destination pickup, emergency road services, car wash	Nationwide	~0.5 thousand

Rank	Platform Name	Sales Revenue	Market Share	Service Scope	Geographical Coverage	Number of Offline Service Stores
		(RMB in Millions)				
4	Company G	53.8	1.4%	Car maintenance services, sales of auto products, decoration and car wash	Nationwide	~13 thousand
5	Company H	51.0	1.3%	Repair and maintenance, decoration and car wash	Nationwide	~1.5 thousand
	Others	3,382.2	87.9%			
	Total	**3,850.0**	**100.0%**			

Source: Frost & Sullivan Report

B2C Integrated Automobile After-Sales Service Market in China

Overview of China B2C Integrated Automobile After-sales Service Market

The B2C integrated automobile after-sales service providers offer their products and services directly to the consumers, or end users, usually by leveraging an online-to-offline mode where consumers purchase automobile after-sales services online and the services are delivered through offline channels, namely, 4S dealership stores, automobile repair and maintenance stores, car washing stores, automobile beauty stores and other after-sales service stores.

Driven by the growing demand for one-stop automobile after-sales services and rising familiarity of purchasing automobile after-sales services online on the side of consumers, as well as the increasing number of market players and the improvement of service capability on the side of service suppliers, the B2C integrated automobile after-sales service market in China has witnessed a robust growth, rising from RMB32.1 billion in 2012 to RMB118.8 billion in 2017 and representing a CAGR of 38.7%. Going forward, as consumers' consumption habit keeps transforming to online consumption and the B2C integrated automobile after-sales service providers' continuously improving their service capability, the B2C integrated automobile after-sales service market in China is expected to amount to RMB370.2 billion in 2022, representing a CAGR of 25.5% during the forecast period from 2017 to 2022.

Key Market Drivers of China B2C Integrated Automobile After-sales Service Market

Rising Volume of Passenger Automobile in Use and Rising Average Automobile Age

After witnessing a decade of surging growth in automobile sales, China has become the second largest automobile market in the world in terms of passenger automobiles in operation. The sales growth of automobiles has boosted the overall after-sales market, since more demand has been arisen accordingly from services such as auto maintenance, auto repair and auto beauty. In addition, the increase in average age of automobile in the PRC due to prolonged automobile service life has also contributed to the growth in the automobile after-sales market, as aging automobiles typically require more repair and maintenance services.

Growing demand for one-stop automobile after-sales services

Driven by growing demand for higher service efficiency, superior user experience and comprehensive value-added services, customers tend to choose those B2C integrated automobile after-sales service providers who provide one-stop automotive services to satisfy their wide range of evolving needs. In addition, certain B2C integrated automobile after-sales service providers continuously improve their service capabilities by extending their service offerings, expanding geographical coverage and integrating more offline channels into their service networks, which further enhances customer loyalty and attracts new consumers with great convenience and high efficiency.

The growing familiarity and willingness of online consumption

With the advancement of mobile Internet technology and growing number of mobile Internet users in China, consumers are increasingly willing to purchase automobile after-sales services online. In the context of the transformation of consumption concept and habits, an increasing number of online professional automobile after-sales service platforms have emerged and gained increasing acceptance among Chinese consumers. The increasing accessibility of diversified services and growing information transparency made available by the online platforms have improved market efficiency, which has contributed to the prominent growth of the B2C integrated automobile after-sales service market.

Key Market Trends of China B2C Integrated Automobile After-sales Service Market

Increasing service efficiency powered by big data technologies

Collecting, sharing and analyzing data with respect to, among other things, vehicle condition, driver profile, and records of repair and maintenance are becoming increasingly efficient, attributable to the rapid development of technologies in the field of Internet of vehicles, big data and artificial intelligence. Various business models are being explored by a few leading B2C integrated automobile after-sales service providers, who aim to leverage the aforementioned advanced technologies and introduce products and service that perfectly adapt to consumer needs and enhance service efficiency.

Intensifying Competition with growing number of market players

The compelling growth potential and comparatively low entry barrier have attracted a few Internet companies to enter the market, and the intensifying competition with the increasing number of new players is expected to continue, which might lead to cut-throat competition that hinders the healthy development of the B2C integrated automobile after-sales service market. Acquiring customers with competitive pricing, maintaining customers' satisfaction and loyalty with a well-recognized brand, having sufficient points of services with accessible locations and proven service capabilities will become a key development concern for B2C integrated automobile after-sales service providers pursuing a sustainable growth.

Integration and consolidation

Integrating quality offline partners into existing sales networks is the fastest way for the B2C integrated automobile after-sales service providers to expand their business coverage, on both geographical and service portfolio perspectives. Driven by the growing demand for one-stop services from consumers, it is believed that certain leading B2C integrated automobile after-sales service providers will acquire or partner with offline service providers in various segments, promoting industry consolidation and strengthening leading players' competitive advantages.

Entry Barriers of China B2C Integrated Automobile After-sales Service Market

Brand reputation

With emphasis on the quality of after-sales service they receive, consumers usually tend to select B2C integrated automobile after-sales service providers with good reputation. To build such brand reputation among consumers, service providers need to offer satisfying services on a stable and continuous basis. This thus forms an entry barrier for new entrants who lack such brand reputation in the beginning, which will take time and resources to establish.

Service scope

B2C integrated automobile after-sales service providers that offer a wider service scope can attract more consumers, whom may seek a certain kind of service or several different types of services together. However, for providers to be able to provide various services, they have to integrate various types of after-sales services and offer a variety of options to satisfy consumers' diversified needs, which is difficult for new entrants to achieve quickly.

Geographical coverage

To acquire consumers as much as possible to achieve a higher market share, B2C integrated automobile after-sales service providers need to expand their geographical coverage to reach more potential customers. This requires both capital and human resources investment for building new service sites or negotiation with new cooperating partners, and managing such increasing number of geographically diversified service sites, to name a few. It is thus relatively difficult for new entrants to achieve considerable geographical coverage in a limited time period, which forms an entry barrier for them.

Competitive Landscape of China B2C Integrated Automobile After-sales Service Market

Due to the comparatively low entry barrier and increasing number of market players, the B2C integrated automobile after-sales service market in China is fragmented, with the top 3 players accounting for an aggregate market share of 31.3% while followings are various players with comparatively smaller business scale. The participants can be divided into automobile vertical after-sales platforms, automobile after-sales e-commerce platforms, and offline automobile after-sales service chain brands.

Automobile vertical after-sales platforms refer to those B2C platforms that specialize in automobile services and products (such as automotive parts, car grooming, maintenance and repair). Such platforms aim at their segment fields, providing refined products and specialized services. They increasingly integrate different sectors along with the supply-side value-chain, including but not limited to logistics, product and service offerings. Moreover, automobile vertical after-sales platforms are expanding their distribution channel by developing the network of offline stores. Given the momentum and progress, the market of automobile vertical after-sales platforms in China is becoming competitive, and market consolidation have strengthened in recent years.

Automobile after-sales e-commerce platforms refer to those integrated e-commerce retailers that sell auto parts and accessories as well as services such as car grooming, maintenance and repair. These integrated e-commerce retailers generally partner up with auto part suppliers and service providers (automotive workshops) to deliver services and products to consumers. During the transaction, consumers can purchase products or services online, and then send their vehicles to the offline satellite workshops that are in close proximity to their home. In China, the major market incumbents of automobile after-sales e-commerce platform include Company I and Company J (see ranking table below), and they are two obvious frontrunners with respective sales revenue generated from B2C integrated automobile after-sales service in 2017 of approximately RMB18.0 billion and RMB15.0 billion, representing a market share of 15.1% and 12.6% respectively.

Offline automobile after-sales service chain brands generally have established offline chain brand stores and directly deliver services to consumers. In order to improve customer experience and strengthen customer loyalty, they have started to expand their service offerings to be capable of offering comprehensive automobile after-sales services. Driven by the growing popularity of online-to-offline mode and convenient access to a broader customer base provided by online platform, these offline automobile after-sales service chain brands are increasingly willing to explore online-to-offline mode by cooperating with automobile vertical after-sales platform, automobile after-sales e-commerce platform.

Ranking of Top 3 B2C Integrated Automobile After-sales Service Provider, China, 2017

Rank	**Platform Name**	**Sales Revenue**	**Market Share**
		(RMB in Billions)	
1	Company I	~18.0	15.1%
2	Company J	~15.0	12.6%
3	Company K	~4.0	3.4%
	Others	~81.8	68.9%
	Total	**118.8**	**100.0%**

INSURANCE AGENCY BUSINESS

Regulatory Authority — China Banking and Insurance Regulatory Commission

In line with the Reform Program of the State Council released by National People's Council on March 17, 2018, the CBIRC was established by a merger of the CBRC and the CIRC; directly subordinate to the State Council, and with its authorization, it functions as a centralized institution with administrative oversight and competence over the banking and insurance industry in line with laws and regulations. The CBIRC and its dispatch offices constitute the regulatory system for insurance industry. Before that, the CIRC had functioned as the regulatory body for insurance industry, and its major regulatory duties on the insurance industry include:

- preparing principles and policies for the development of the insurance industry; formulating industry development strategies and plans; drafting laws and regulations for the supervision and regulation of the insurance industry and formulating industry rules and regulations of the insurance industry.

- approving the establishment of insurance companies and their branches, insurance group companies and insurance holding companies; jointly with the relevant authorities approving the establishment of insurance asset management companies; approving the establishment of representative offices by overseas insurance institutions; approving the establishment of insurance intermediaries such as insurance agencies, insurance brokerage companies, insurance loss adjusting companies and their respective branches; approving the establishment of overseas insurance institutions by domestic insurance and non-insurance institutions; approving mergers, splits, changes of corporate forms and dissolutions of insurance institutions and making decisions on the receivership and the appointment of receivers; participating in and overseeing the bankruptcy and liquidation proceedings of insurance companies.

- examining and confirming the qualifications of senior management members in various types of insurance institutions; setting the basic qualification standards for insurance practitioners.

- approving the terms and premium rates of insurance products related to public interests, statutory mandatory insurance and newly developed life and health insurance products; supervision of other insurance products through registration of the insurance terms and premium rates of such insurance.

- supervising the solvency and market activities of insurance companies; managing the insurance guarantee funds and monitoring the insurance security deposits; formulating the relevant rules and regulations on the basis of laws and policies of the PRC Government on the deployment of insurance fund, and supervising the deployment of funds by insurance companies.

- conducting business supervision on public-policy-oriented insurance and statutory insurance; supervising organizational forms and operations such as captive insurance and mutual insurance; centralizing the administration of insurance industry associations and organizations such as the Insurance Association of China and The Insurance Institute of China.

- investigating into and imposing penalties on illegal acts and misconducts of insurance institutions and practitioners such as unfair competition according to the law and direct or disguised engagement in insurance business by non-insurance institutions.

- supervising overseas insurance institutions established by domestic insurance and non-insurance institutions.

- establishing the standards for information systems of the insurance industry; establishing insurance risk-assessment, risk-warning and risk-monitoring systems; tracking, analyzing, monitoring and forecasting the operating conditions of the insurance market; centralizing compilation of statistical data and reports for the national insurance industry and carrying out publication in accordance with relevant regulations.

Regulatory and Legal Framework

The legal framework for monitoring and administering insuring activities within the territory of the People's Republic of China is underpinned by laws and regulations including the Insurance Law of the People's Republic of China (the "**PRC Insurance Law**"), and administrative regulations, departmental provisions and other regulatory documents stipulated in accordance with the PRC Insurance Law.

The PRC Insurance Law is the most important law in the regulatory and legal framework for the PRC insurance industry; it was approved by the Standing Committee of the National People's Congress on June 30, 1995 and became effective from October 1, 1995, and was amended four times in 2002, 2009, 2014 and 2015, respectively.

The PRC Insurance Law implemented on October 1, 1995 covers general principles, insurance contracts, insurance companies, insurance operational rules, supervision and regulation of the insurance industry, insurance brokers and insurance agencies, legal liabilities and supplementary provisions. It was the fundamental insurance law of the PRC.

In 2015, the PRC Insurance Law was amended for the fourth time. Such amendments primarily include: (i) the deletion of the clauses related to the requirement that the establishment of an offshore representative office by an insurance company shall be subject to the approval of the insurance regulatory authorities; (ii) abolishment of the requirement that the individuals who are engaged in insurance sales for an insurance company shall obtain the qualification certificates issued by the insurance regulatory authorities, and replace such requirement with the requirement that the aforesaid individuals should be of good character and have the professional competence required for insurance sales, and the deletion of all provisions in the PRC Insurance Law related to the requirements that the aforesaid individuals shall obtain the qualification certificates stipulated in the PRC Insurance Law; (iii) the deletion of the provisions that individual insurance agents, agency practitioners of insurance agencies and brokerage practitioners of insurance brokers shall obtain the qualification certificates issued by the insurance regulatory authorities in the PRC insurance law and stipulated the new provision that the aforesaid individuals should be of good character and have professional competence required in transacting insurance agencies or insurance brokerage businesses; and (iv) the abolishment of the requirements that the merger and divisions of corporates and any change of the corporate structure, establishment of branch offices and dissolution of insurance agencies and insurance brokerages shall be subject to the approval of the insurance regulatory authority.

Since the promulgation and implementation of the PRC Insurance Law in 1995, the insurance supervision and regulatory authority has promulgated a series of departmental rules and regulations and other regulatory documents pursuant to the PRC Insurance Law, which covered almost all aspects of insurance operations. Regarding the establishment of professional insurance agency, there are other important laws and regulations besides the PRC Insurance Law, including the Regulatory Provisions for Professional Insurance Agencies by the CBIRC, which became effective from October 1, 2009 and was first amended on April 27, 2013 and then on October 19, 2015. The Regulatory Provisions for Professional Insurance Agencies specify provisions regarding market access, operation rules, exit from market, monitoring and inspection and legal obligations for professional insurance agency.

Establishment and Revocation

Eligibility as Shareholder in Professional Insurance Agency

Based on the Regulatory Provisions for Professional Insurance Agencies, entity or individual not allowed to invest in business according to laws or administrative regulations shall not become initiator or shareholder of professional insurance agency. Any insurance company employee investing in professional insurance agency should inform the employing insurance company in writing; any director or senior management personnel of insurance intermediary agency investing in professional insurance company should obtain prior consent from shareholders' meeting or general shareholders' meeting in line with relevant provisions in the Company Law. Any alteration of major shareholders or equity structure in professional insurance agency should be reported in writing to the CBIRC within five days after the event.

Establishment of Professional Insurance Agency and Acquisition of Qualification for Operating Insurance Agency Service

Based on the PRC Insurance Law and the Regulatory Provisions for Professional Insurance Agencies, professional insurance agency established within the territory of the People's Republic of China, should meet the criteria of qualifications specified by the CBIRC and obtain permit for insurance agency business. To establish professional insurance agency, the minimum registered capital shall be RMB50 million, unless otherwise specified by the CBIRC. The registered capital of professional insurance agency must be paid-in monetary capital.

Upon receiving application for setting up professional insurance agency, the CBIRC shall inform applicant of the risks, conduct interviews and inquiries regarding the application, comprehend the prospective company's market development strategy, business development plan, internal control system and organization structure. The CBIRC may organize on-site inspection on needed basis. Upon approval of the establishment of professional insurance agency by law, the CBIRC shall issue permit to applicant. Applicant must obtain permit before carrying out insurance agency service.

Professional insurance agency may set up branches and business offices. Prerequisites for professional insurance agency to set up branch include: sound internal control system; registered capital meets the requirement of this provision; existing institution operates normally without any major illegal behavior within the past one year; proposed principal leader meets qualification criteria of this provision; proposed branch is provided with appropriate operating premise and other operation related facilities.

Based on the Notice Regarding Temporary Suspension of Market Access Permit Undertakings for Regional Insurance Agencies and Part-time Insurance Agencies released by the CBIRC on March 26, 2012, in order to pursuit the initiative of national insurance regulatory meeting, regulate the access to and exit from insurance agency market, and ensure discipline and rectification in insurance agency market, permit issuance for establishing regional insurance agency and branch institution shall be withheld; qualification review for all Part-time Insurance Agencies shall be suspended with the exception of financial institutions and postal office. All insurance regulatory bureaus shall continue to support the establishment of insurance intermediary groups and national insurance agency companies and their branch institutions meeting relevant criteria.

Based on the Notice on Further Clarifying Issues concerning the Market Access of Professional Insurance Intermediaries (CBIRC Issuance [2013] No. 44) (《關於進一步明確保險專業中介機構市場准入有關問題的通知》 (保監發[2013]44號)) (hereinafter referred to as the "Notice") issued by the CIRC on May 16, 2013, the Decision on Amending the Regulatory Provisions for Professional Insurance Agencies (CBIRC Order [2013] No. 6) (《關於修改<保險經紀機構監管規定>的決定》(保監會令2013年第6號)) and the Decision on Amending the Provisions on the Supervision of Professional Insurance Agents (CBIRC Order [2013] No. 7) (《關於修改<保險專業代理機構監管規定>的決定》(保監會令2013年第7號)) (hereinafter referred to as "**two Decisions**"), professional insurance agencies or brokerage companies established before the issuance of the two Decisions with a registered capital of less than RMB50 million may only apply for establishment of branches in the provinces, autonomous regions or municipalities directly under the Central Government where they are registered. Professional insurance agencies or brokerage companies established before the issuance of the two Decisions with a registered capital of less than RMB50 million and with branches established in the provinces, autonomous regions or municipalities directly under the Central

Government other than their place of registration may apply for establishment of branches in such provinces, autonomous regions or municipalities directly under the Central Government. Professional insurance agencies or brokerage companies that engage in Internet insurance business shall have a registered capital of no less than RMB50 million, except for those conducting Internet insurance business according to law before the issuance of the two Decisions. Railway, tourism, transportation, banking, postal and other companies may refer to article 3 of the Notice while establishing professional insurance agencies that engage in specialized management and investment of the insurance agency business.

Business Operation of Insurance Agency Service

On July 6, 2017, the Notice to Overhaul Chaotic Auto Insurance Market (《中國保監會關於整治機動車輛保險市場亂象的通知》) (CBIRC P&C [2017] No. 174) (the "**Overhaul Notice**") was promulgated and implemented by the CBIRC, the key provisions of which that relate to insurance intermediaries are as follows.

All property insurance companies shall strengthen the management and control of the compliance of motor vehicle insurance intermediary business, and duly perform the authorization and management for intermediary institutions and individuals. Property insurance companies shall neither authorize the institutions without legal qualifications to engage in insurance sales activities nor pay insurance commission to such institution directly or indirectly. Moreover, property insurance companies shall not authorize or allow cooperative intermediary institutions to sublicense the power of motor vehicle insurance agency authorized by them to such institutions to other institutions.

If a property insurance company discovers that non-cooperative institutions are carrying out auto insurance sales activities in the name of the cooperator with such property insurance company, the property insurance company shall promptly issue statements through public channels, including but not limited to its official website and the website of Insurance Association of China, and pursue legal actions against the relevant non-cooperative institutions according to relevant laws. Property insurance companies failing to issue such statements through public channels shall bear corresponding legal liabilities.

Property insurance companies shall strengthen the internal control over the regional jurisdiction of auto insurance business, and may not directly or entrust intermediaries to carry out auto insurance business out of the region where the property insurance companies are permitted to operate their insurance business.

All property insurance companies shall strengthen the management and control of the compliance of the cooperation auto insurance business with a third-party online platform. Property insurance companies may entrust third-party online platforms to provide webpage link services, but may not entrust or allow third-party online platforms of insurance intermediaries without legal qualifications to conduct premium calculating, quotation, price comparison, business referrals, fund payments and other insurance sales related activities on their web pages.

Other than those agreed in the insurance contracts, property insurance companies, insurance intermediaries and individuals may not give or promise to give insurance policyholders or the insured cash rebates, prepaid cards, securities, insurance products, shopping vouchers, physical objects or taking points to offset premiums, points redemption of goods and other ways. It is not allowed to offer any benefits and interests beyond those agreed in the insurance contract directly or indirectly by participating in promotions organized by other organizations or individuals.

Our PRC Legal Advisors are of the view that our Company is qualified as a professional insurance agency, based on that (i) our Company has obtained the business license for insurance agencies since its establishment in 2007 according to the Provisions (as defined below); and (ii) in May 2016, our Company made disclosures concerning its websites, APPs and WeChat public accounts and insurance products available on the Internet on Insurance Association of China Disclosure System, at the "Internet Insurance Information Disclosure-Intermediary" segment, in accordance with the Interim Measures for the Supervision of the Internet Insurance Business (《互聯網保險業務監管暫行辦法》). The implementation of the Overhaul Notice further standardizes operation of the insurance sales market and is conductive to the business development of companies with insurance sales agent qualification such as our Company. According to our PRC Legal Advisors, our Company develops its insurance agency business in compliance with the relevant PRC regulations, including but not limited to the PRC Insurance Law, the Provisions (as defined below) and the Overhaul Notice.

Foreign Investment in Professional Insurance Agencies

The Provisions on the Supervision and Administration of Professional Insurance Agencies (《保險專業代理機構監管規定》) (the "**Provisions**") was promulgated by the CBIRC on December 1, 2004 and became effective from January 1, 2005, and the amendments of which were released on September 25, 2009, April 27, 2013 and October 19, 2015, respectively. The Provisions are applicable to all professional insurance agencies with foreign investment approved by the CBIRC. If there are other relevant international treaties that PRC participated in or rules set by the CBIRC, such treaties shall prevail. There is no regulation on foreign investments in relation to the Company's business in PRC.

Revocation of Professional Insurance Agencies

Based on the Regulatory Provisions for Professional Insurance Agencies, on expiration of permit for professional insurance agency, if the renewal of permit was not granted by CBIRC according to law, or where permit is lawfully rescinded, revoked or cancelled, the insurance agent shall lawfully organize liquidation or settle the account, and submit liquidation or settlement report to the CBIRC.

Upon dissolution, professional insurance agency shall lawfully establish liquidation group, and report in writing to the CBIRC within 10 days from dissolution. Upon liquidation, professional insurance agency shall submit liquidation report to the CBIRC.

Internal Governance

Corporate Governance in Professional Insurance Agencies

Based on the Regulatory Provisions for Professional Insurance Agencies, professional insurance agency should be furnished with sound organization structure and management system.

Professional insurance agency should engage accounting firm to audit its financial standing such as asset, liability and profit upon the end of each fiscal year, and submit audit report to the CBIRC. The CBIRC may ask professional insurance agency to submit special external audit report on needed basis.

Professional insurance agency should set up special ledger, to record incoming and expenditure status of its insurance agency business. Professional insurance agency collecting premium on behalf should set up separate premium collection account for settlement.

Digitalization

Based on the Notice to Advance Digitalization among Insurance Intermediaries released on April 10, 2007 by the CBIRC, to advance digitalization among insurance intermediaries, promote sustainable, healthy and fast development of insurance industry, insurance intermediaries should increase digitalization construction, and improve digitalized management of business documents.

Implementation steps and requirements for digitalization among insurance intermediaries include: (I) from October 1, 2007, entities applying for establishment of insurance intermediary agency should formulate digitalization management system, furnish business and financial management software for insurance intermediary operation, or shall be dealt with in accordance with relevant laws and regulations. (II) insurance intermediaries and their branch institutions established before October 1, 2007 should formulate digitalization management system and furnish business and financial management software for insurance intermediary operation before October 1, 2007, or shall be dealt with in accordance with relevant laws and regulations. (III) from October 1, 2007, all insurance intermediaries and their branch institutions should establish complete and consistent digital business documentation system, or shall be dealt with in accordance with relevant laws and regulations.

Deposit and Vocational Liability Insurance

Based on relevant provisions of the PRC Insurance Law, insurance agencies should make deposits or subscribe to vocational liability insurance in line with provisions specified by the insurance regulatory institution under the State Council. Without approval by insurance regulatory institution, insurance agencies may not appropriate deposits.

Based on the Regulatory Provisions for Professional Insurance Agencies, professional insurance agencies should subscribe to vocational liability insurance or make deposit within 20 days after obtaining permit. Professional insurance agencies should submit a copy of vocational liability insurance policy or deposit saving agreement and original voucher for the payment of deposit to the CBIRC within 10 days after subscribing to vocational liability insurance or making deposit.

Professional insurance agency should make a deposit equivalent to 5% of registered capital, and the amount should increase with any increase in registered capital, with a top limit of RMB1 million. Professional insurance agency should make deposit in form of bank saving or other forms recognized by the CBIRC. Deposit in form of bank saving should be made to dedicated account with commercial bank.

Professional insurance agency may appropriate deposit under any of the following circumstances: (I) reduction in registered capital; (II) cancellation of permit; (III) subscribing to legitimate vocational liability insurance; or (IV) other circumstances specified by the CBIRC. Professional insurance agency should report any appropriate of deposit in writing to the CBIRC within five days after the action.

Professional insurance agency subscribing to vocational liability insurance should ensure the policy remains effective. Professional insurance agency subscribing to vocational liability insurance should make sure policy coverage for single incident is no lower than RMB1 million, and yearly accrued coverage is no lower than RMB5 million, and no lower than twice the operating revenue of the professional insurance agency in the immediately preceding year. If accrued coverage reaches RMB50 million, no additional coverage shall be required.

Anti-money laundering

Based on the Notice of Strengthening Anti-money Laundering in Insurance Industry promulgated on August 10, 2010 and Administrative Measures for Anti-money Laundering Agenda in Insurance Industry promulgated on October 1, 2011 by the CIRC, the CBIRC shall organize, coordinate and direct anti-money laundering effort, insurance companies, insurance asset management companies, professional insurance agencies and insurance brokers should materially improve anti-money laundering related internal control competence on the basis of real-name policy issuance and on the principle of complete and traceable customer data and consistent funds operation.

Based on provisions of the Administrative Measures for Anti-money Laundering Agenda in Insurance Industry, insurance companies carrying out insurance business via professional insurance agencies or financial institution based insurance joint offering agencies should include anti-money laundering provisions into cooperation agreement. Professional insurance agency and brokers should establish anti-money laundering internal control system and prohibit equity investment with funds of illicit source. Senior management personnel of professional insurance agencies and brokers should be versed with anti-money laundering laws and regulations.

Professional insurance agencies and brokers should carry out anti-money laundering training and education, properly manage major money laundering cases involving the company, facilitate anti-money laundering monitoring and inspection, administrative investigation and investigation of criminal activities involving money laundering, and keep confidential any information related to lawful anti-money laundering initiatives.

Based on the Notice of Increasing Anti-money Laundering Effort in Insurance Industry promulgated on August 10, 2010 by the CBIRC, equity investments in insurance intermediaries and equity structure changes therein should be in line with relevant requirements on fund sources in anti-money laundering laws and regulations of the People's Republic of China.

Newly established insurance intermediaries and branch institutions and those restructured or reformed should meet anti-money laundering criteria specified by the CBIRC (including establishment of system for customer identity recognition, customer identity and transaction record keeping, training and education, auditing, confidentiality, internal control system and operation protocols including those facilitating monitoring and inspection and administrative investigation, dedicated anti-money laundering posts and job descriptions, manning and training for such posts, and other requirements according to regulatory provisions.)

Application materials for ratifying qualification of senior management personnel of insurance intermediaries should include statement by application disclaiming major administrative penalty related to anti-money laundering for the past two years; if the applicant has any work experience in an overseas financial institution, statement disclaiming major administrative penalty related to anti-money laundering for the past two years in the place of the financial institution. Senior management personnel of insurance institutions and intermediaries should conscientiously perform their anti-money laundering duties of their purview. Principle leaders of insurance institutions and intermediaries should take the responsibility for effective implementation of anti-money laundering internal control system. All insurance institutions and intermediaries should periodically collect and consolidate anti-money laundering information, keep track of anti-money laundering initiatives, attach great importance to money laundering risk prevention and mitigation, extend conscientious efforts in anti-money laundering training and education, to improve anti-money laundering awareness and competence.

Insurance Premium Payment

Pursuant to the Provisions on the Supervision and Administration of Professional Insurance Agencies (《保險專業代理機構監管規定》) promulgated by the CBIRC on September 25, 2009 and became effective from October 1, 2009, and amended on April 27, 2013 and October 19, 2015, respectively, professional insurance agencies are allowed to collect insurance premium. To engage in collecting insurance premium as an agent, professional insurance agencies shall open a separate premium collection account for settlement.

Pursuant to the Financial Accounting Standards of Insurance intermediary Company (《保險中介公司會計核算辦法》), promulgated and implemented on September 20, 2004 by the Ministry of Finance of PRC, "Advance premium" is provided as a secondary accounting subject under "Accounts receivable" and "Payment collection" as secondary accounting subject under "Accounts payable". "Advance premium" is used to account for the insurance premium insurance agents or brokers pay in advance for policyholders, and "Payment collection" is to account for the premium agents or brokers collect from policyholders then render to insurance companies.

Pursuant to the Opinion of CBIRC on Deepening the Reform of the Insurance Intermediary Market (《中國保監會關於深化保險中介市場改革的意見》) promulgated and implemented by the CBIRC on September 17, 2015, registration and filing are required on the premium collection accounts of insurance agencies.

Business scope of Professional Insurance Agency

Based on the Regulatory Provisions for Professional Insurance Agencies, the business scope of professional insurance agencies covers: selling insurance products for the principal; collecting premiums for the principal, conducting loss surveys and handle claims for relevant insurance business for the principal; other businesses specified by the CBIRC.

Any professional insurance agency operating outside of its registered place (province/autonomous region/municipality) should establish branch institution. No branch institution of any professional insurance agent should operate outside of its registered place (province/autonomous region/municipality).

No professional insurance agency should conduct insurance agency activity beyond the business scope and operation area of the relevant principals (insurance companies), unless other specified by the CBIRC in case of cross region co-insurance, cross-region underwriting or omnibus policy.

professional insurance agency should enter into written agent contract with its engaging insurance company specifying rights and obligations of both sides along with other matters before conducting insurance agency activities.

Services Provided by Professional Insurance Agency and Its Practitioners

Based on the Basic Service Standard for Specialized Insurance Agencies promulgated by the CBIRC on January 16, 2013, professional insurance agencies should abide by laws, administrative regulations and relevant provisions of the CBIRC in providing service, uphold the rights and interests of customers, demonstrate honesty and goodwill, professional competence and diligence with duty, fulfill informing obligation, sufficiently disclose relevant information, and protect customer privacy and business secrets. Practitioners should possess statutory qualifications, good professional ethics and professional competence. Professional insurance agencies should: ensure first-time customer is fully informed and covered by information disclosure; be considerate and diligent with pre-sales service; be thorough and detailed with sales service; be responsive and efficient with after-sales service; be instrumental and timely in assisting customer with claim; be timely and efficient with customer complaint.

Based on the Regulatory Provisions for Professional Insurance Agencies, professional insurance agencies and practitioners may not take following deceptive actions against contributor, insured party, beneficiary or insurance company: (I) conceal or fabricate important information in insurance contracts; (II) give misleading information for sales; (III) forge, alter without authorization insurance contracts, issue fabricated policy, or provide any parties on insurance contract with false certificate; (IV) impede contributor's performance of its informing duty or induce it from doing so; (V) fabricate insurance agency business or fabricate policy surrender for commission; (VI) fabricate claim; (VII) collude with contributor, insured or beneficiary in racketeering for insurance money; (VIII) other deceptive acts against contributor, insured party, beneficiary, or insurance company.

Professional insurance agencies and practitioners may not take following actions in insurance agency activities:(I) take advantage of administrative power, dominant position as shareholder, professional expediency or any other improper means to force, induce or restrict contributor in setting insurance contract or to restrict proper operation of other insurance intermediaries; (II) misappropriate, intercept, encroach premiums, surrender money or insurance money; (III) offer or promise to offer interests to insurance company, its staff member, contributor, the insured, or the beneficiary other than specified in contract; (IV) take advantage of business expediency to gain illicit interest for other organizations or individuals; (V) disclose business secret or private information of contributor, insured party, beneficiary or insurance company acquired during business activities.

Professional insurance agency may not sign insurance contract on behalf of contributor.

Qualification Management for Directors, Supervisors and Senior Management Personnel

Based on the Regulatory Provisions for Professional Insurance Agencies, senior management personnel of professional insurance agencies refer to following people: (I) general manager, vice general manager of professional insurance company and management personnel of same competence; (II) principal leader in branch institution of professional insurance agency.

The chairman of the board of directors, executive directors and senior management personnel of professional insurance agency should meet all of the following criteria and approved by the CBIRC: (I) academic degree at or above the college level; (II) two years of economic working experience or above; (III) of management competence for the duty, versed with laws, administrative regulations and relevant provisions of the CBIRC; (IV) honest and trustworthy, with good conduct; (V) other criteria specified by the CBIRC. Criterion (I) can be waived if with 10 years of financial working experience or more.

Based on the Company Law of the People's Republic of China (the "Company Law"), person fitting all of the following conditions may not take director, supervisor or senior management position: (I) devoid of or with restricted civil conduct ability; (II) within five years after serving sentence for embezzlement, bribery, infringement or misappropriation of property, or for jeopardizing socialist market economic order, or within five years after serving sentence and being deprived of political rights for crime; (III) within three years after insolvency and liquidation of company or enterprise where the person acted as director, factory manager or business manager and has been held accountable for the insolvency; (IV) within three years after company or enterprise the person acted as legal representative is revoked business license and ordered to shut down for violating law on which the person is held accountable; or (V) liable to large amount of unliquidated mature debts.

Based on the Regulatory Provisions for Professional Insurance Agencies, besides the above conditions specified by the Company Law, person fitting any of the following conditions may not take chairman of the board of directors, executive director or senior management position: (I) within three years after permit of insurance company or intermediary where the person acted as director, supervisor or senior manager was revoked permit for violating law on which the person was held accountable personally or in view of leadership role; (II) within five years after the person was disqualified for his/her role as director, supervisor or senior manager with financial institution for violation of law or discipline by financial regulatory institution; (III) within the term for banning practice in financial industry by financial regulatory institution; (IV) within two years after having been given warning or penalty by financial regulatory institution; (V) under investigation by juridical agency, disciplinary authority or financial regulatory institution; or (VI) other conditions specified by the CBIRC.

Without consent from shareholders' meeting or general shareholders' meeting, directors and senior managers of professional insurance agencies may not serve in organization having an interest conflict with the professional insurance agency.

Professional insurance agencies should file faithful application and materials in applying for ratification of the qualifications of chairman of the board of directors, executive directors and senior managers by the CBIRC. The CBIRC may investigate or interview chairman of the board of directors, executive directors and senior managers of professional insurance agencies.

Where chairman of the board of directors, executive director and senior manager of professional insurance agency is under internal secondment or assumes same or lower level position, no further ratification shall be required. Where chairman of the board of directors, executive director or senior manager of professional insurance agency is relieved of duty or approved of resignation, the qualification shall be lost by default.

Where chairman of the board of directors, executive director and senior manager of professional insurance agency is relieved duty or approved of resignation, the event should be reported in writing to the CBIRC within five days of the decision.

Where professional insurance agency appoints provisional principal leader, the event should be reported in writing to the CBIRC within five days of the decision. The term for provisional principal leader should be no more than three months.

Qualification Management for Insurance Sales

Based on Regulatory Measures for Insurance Sales Practitioners promulgated by the CBIRC on July 1, 2013, the CBIRC is authorized by law and the State Council to exercise centralized supervision and administration competence over insurance sales practitioners. Insurance sales practitioner should meet qualification criteria in line with provisions of the CBIRC, acquire qualification issued by the CBIRC, and practitioner's certificate from employing insurance company or insurance agency prior to practice. The aforementioned insurance sales practitioners are eligible to engage in sales of insurance products for insurance companies and insurance agencies.

On April 24, 2015, the Fourteen Meeting of the Standing Committee of the National People's Congress made revisions to some articles in the PRC Insurance Law and eliminated provisions regarding qualification of insurance sales and agency practitioners. Based on the CIRC Notice on Relevant Issues Pertaining to Administration of Practitioners with Insurance Intermediaries (CIRC ZHONGJIE [2015] No. 139), prior to practice of practitioners with insurance intermediaries, the employer should file practice registration information for such personnel on the CBIRC insurance intermediaries monitoring information system, without requiring qualification as the prerequisite for practice registration management.

There are no mandatory requirements under PRC laws and regulations that the strategic channel partners and referral service providers, as users of the insurance app, be registered with the CBIRC, given that they only engage in insurance promotional and referral services, rather than sales of insurance products. Our PRC Legal Advisors confirm that the use of the insurance app by the strategic channel partners and referral service providers in conducting promotional and referral activities is in compliance with relevant PRC laws and regulations.

Reward and Incentive

Based on the Regulatory Provisions for Professional Insurance Agencies, professional insurance agencies may not demand fee or purchase of insurance product as prerequisite for employment, promise unreasonably high reward, or base reward primarily on the number of directly or indirectly developed sales personnel or sales performance.

Based on the Notice on Strictly Regulating Incentive Measures of Insurance Intermediaries promulgated on November 15, 2010 by the CBIRC, professional insurance intermediaries may only implement equity incentive measures for sales personnel of more than two consecutive years of practice experience within organization, and may not arbitrarily expand the scope of equity incentives for rapid business growth. In implementing incentives, professional insurance intermediaries may not conduct deceptive or misleading promotion of incentive program, including exaggeration or arbitrarily promising uncertain earning from future listing; may not induce sales personnel to purchase self-insurance or purchase insurance with borrowings for incentives; may not offer customer equity in name of incentive as consideration for illicit interests.

Insurance Premium Rates (Amount of Insurance Premium)

Pursuant to PRC Insurance Law (《中華人民共和國保險法》) promulgated by the Standing Committee of the National People's Congress of the PRC on June 30, 1995 and became effective on October 1, 1995, and amended on October 28, 2002, February 28, 2009, August 31, 2014 and April 24, 2015, respectively, insurance companies shall formulate insurance clauses and insurance premium rates fairly and reasonably in accordance with provisions of insurance regulatory institution under the State Council. Insurance clauses and insurance premium rates formulation of products associated with public interest, compulsory insurance, and newly developed life insurance shall be reported to the insurance regulatory institution under the State Council for approval. As the insurance regulatory institution under the State Council approves, it shall follow the principle of protecting social public interest and preventing unfair competition. Formulation of insurance clauses and insurance premium rates of other insurance products shall be reported to the insurance regulatory institution for keeping on record. The specific measures for approval and filing of insurance clauses and insurance premium rates should be formulated by the insurance regulatory institution under the State Council in accordance with the preceding provisions.

Pursuant to the Measures for the Administration of Insurance Clauses and Insurance Premium Rates of Property Insurance Companies (《財產保險公司保險條款和保險費率管理辦法》) promulgated by the CBIRC on February 5, 2010 and became effective on April 1, 2010 and the Notice of China Insurance Regulatory Commission on the Relevant Issues concerning the Implementation of the Measures for the Administration of Insurance Clauses and Insurance Premium Rates of Property Insurance Companies (《中國保險監督管理委員會關於實施<財產保險公司保險條款和保險費率管理辦法>有關問題的通知》) promulgated on May 11, 2010 and implemented on May 1, 2010, insurance clauses and insurance premium rates of the following property insurance products should be reported to the CBIRC for approval:

(1) motor vehicle insurance;

(2) non-life investment insurance;

(3) guaranteed insurability and credit insurance with insurance period of more than one year; and

(4) other insurance products recognized by the CBIRC that are related to public interest, and compulsory insurance in accordance with laws and administrative regulations.

If insurance companies make modifications on approved insurance clauses or insurance premium rates, they should submit it for approval in accordance with the Measures.

If insurance companies revise insurance clauses and insurance premium rates for insurance products outside the scope as set out above, they should report to the CBIRC for filing within 10 working days after the implementation. In case of revisions or amendments to insurance liabilities in insurance clauses or insurance premium rates that have been filed, such revised or amended insurance premium rates shall be filed again.

Pursuant to the Guidelines for Development of Insurance Products by Property Insurance Companies (《財產保險公司保險產品開發指引》) promulgated by the CBIRC on December 30, 2016 and became effective from January 1, 2017, provisions have been made about basic requirements, naming rules, insurance clause requirements, insurance premium rates requirements, and product development organization systems. It is clearly stipulated in such guidelines that the determination of insurance premium rates should meet the principles of rationality, fairness and adequacy; the insurance premium rates consists of the base rates and the adjustment coefficient, and the base rates include the pure risk loss ratio and additional rate.

The Guidelines for the Determination of Product Rates of Property Insurance Companies (《財產保險公司產品費率釐定指引》) was promulgated by the CBIRC on January 5, 2017 and became effective from February 1, 2017. It stipulates that insurance companies should establish an internal circular supervision process for insurance premium rates determination, consisting of pre-preparation, in-process measurement and post-event monitoring and adjustment. It also provides further specification on principles of reasonableness, fairness, sufficiency and insurance premium rates determination process stipulated in the Guidelines for Development of Insurance Products by Property Insurance Companies mentioned above.

Pursuant to the Notice of the China Insurance Regulatory Commission on Strengthening the Administration of the Clauses and Premium Rates for Commercial Motor Vehicle Insurance (《中國保險監督管理委員會關於加強機動車輛商業保險條款費率管理的通知》), promulgated and implemented on February, 23, 2012, commercial auto insurance clauses that are provided by an insurance company in terms of premium rates should follow the commercial auto insurance clauses and premium rates recommended by the CBIRC and obtain its approval. The Insurance Association of China (中國保險行業協會) shall collect, count and analyze operating statistics of commercial auto insurance industry, and it shall calculate reference loss cost rates regarding commercial auto insurance industry every two years and offer them as reference to insurance companies. An insurance company may take reference of pure loss cost rate of the industry as a recommendation in specifying their own premium rates. The notice further stipulates that, (i) in determining the commercial auto insurance premium rates, the pre-set surcharge rates may not exceed 35%; (ii) factors of floating premium rates involving conditions and risks of vehicles and drivers themselves shall be legitimately set and clearly stated; and (iii) an insurance company shall re-evaluate its commercial auto premium rates based on its genuine historical data, operations and reserve fund.

Pursuant to the Notice on the Relevant Requirements for the Submission of Rate Proposals by Regions Implementing the Pilot Program of the Reform on Self-determined Pricing for Commercial Motor Vehicle Insurance (《關於商業車險自主定價改革試點地區費率方案報送有關要求的通知》) and Notice on Regulatory Requirements for Commercial Motor Vehicle Insurance Rates (《關於商業車險費率監管有關要求的通知》) promulgated and implemented by the CBIRC on May 8, 2018 and June 29, 2018, respectively, all property insurance companies shall submit to the CBIRC the value range and usage rules of the commission charges, which means all fees paid to insurance intermediary institutions and individual agents (sales), including commission charges, service fees, promotion fees, remunerations, performance, bonuses, commissions, etc. The value range and usage rules of the commission charges for new car business shall be separately listed. The original commercial motor vehicle insurance products can be sold until September 30, 2018 at the latest (except for in Guangxi, Shanxi and Qinghai).

Pursuant to the Notice on Further Strengthening Regulation on Auto Insurance (《關於進一步加強車險監管有關事項的通知》) promulgated and implemented by the CBIRC on January 14, 2019, all property and casualty insurance companies shall determine terms and premium rates of automobile insurance policies in strict compliance with PRC laws and regulations. Insurance companies are strictly prohibited from conducting the following activities:

(1) amending any term or premium rate directly or in disguise, without approval of the CBIRC;

(2) providing premium rates beyond the approved range by offering or promising to offer payment of inappropriate interest not stipulated in the insurance policies to insurance policyholders or insurance purchaser in disguise;

(3) paying commission fee rates beyond the approved range by fabricating other expenses in disguise; and

(4) failing to apply the approved premium rate as required for the insurance policies of new cars.

In addition, pursuant to the Notice on Further Strengthening Regulation on Auto Insurance, all property and casualty insurance companies shall strengthen the veracity of their business and financial data and ensure timely and truthful accounting journal entry of all operating costs and expenses. Insurance companies are strictly prohibited from conducting the following activities:

(1) fraudulently charging commission by recording insurance policies sold directly by insurance companies as those sold through insurance agencies or other means;

(2) misappropriating illegal interest in form of expenses by fabricating false sales records or recording administrative expenses or other means;

(3) manipulating operating results by setting aside amount of reserves in violation of laws and regulations; and

(4) manipulating operating results by deliberately deferring the accounting journal entry of expenses.

MOBILE INTERNET

Internet Insurance Agency Business

Based on the Provisional Regulatory Measures for On-line Insurance Business promulgated by the CBIRC on July 22, 2015 and effective from October 1, 2015, insurance institutions (including insurance companies and professional insurance intermediaries) operating on-line insurance business, i.e., managing insurance contracts and offering insurance products via in-house or third-party on-line platform based on network and mobile telecommunication technology, should observe relevant provisions, and may not damage legal rights and interests of insurance consumers or public interests. Insurance product offerings released on-line should be centrally produced and authorized by insurance company, to ensure the content is legal, true, accurate and complete.

Insurance institution operating on-line insurance business should set up on its official website on-line column dedicated to insurance information disclosure including following contents: website name, URL, and scope of business cooperation in case of third-party platform; on-line insurance product information covering product name, terms, premium rate (or link) and approval document number, filing number, registration document number or terms code; names, addresses and telephone numbers of branch companies established; customer service and consumer complaint method; other contents specified by the CBIRC.

Professional insurance intermediaries operating on-line insurance business should disclose further information, including business permit from the CBIRC, information on business license or link icon to it, scope and content authorized by insurance company.

To implement the decisions and initiatives by Chinese Communist Party and the State Council in promoting ordered and healthy development of on-line insurance, in April 2016, Action Plan for Special Rectification Initiative to Mitigate On-line Insurance Risks was jointly released by the CBIRC and fourteen departments, setting out the overall framework for the rectification initiative dedicated to mitigation of on-line insurance risks, specifying that the special rectification initiate shall surround regulating business operation model optimizing market environment and improving regulatory rules, to achieve the objective of parallel promotion of innovation and risk mitigation, and healthy and sustainable development of on-line insurance, based on principles of highlighting focus, proactive and robust attitude, differentiated policy making, soup-to-nuts regulatory approach, clarity with accountability and coordination. The Special Rectification Initiative emphasized the following perspectives:

(1) ***Internet-based business with high cash value***. Priority shall be given to investigate and rectify the following problems: when selling insurance products through the Internet, insurance companies make misrepresentations, unilaterally or exaggeratedly publicize the past achievements, unlawfully promise that the policy holders will gain benefits or losses will be borne by the companies themselves, or make other misleading descriptions.

(2) ***Insurance institutions' acts of carrying out businesses in other fields through the Internet***. Priority shall be given to investigate and rectify the following problems: (i) insurance companies carry out Internet insurance business in cooperation with ineligible third-party online platforms; (ii) insurance companies cooperate with the online lending platforms that provide credit enhancement services, set up capital pools or illegally raise funds, which gives rise to the transfer of risks to the insurance sector; and (iii) during the process of operating the financing guarantee insurance business through online lending platforms, insurance companies have insufficient risk control measures or internal control management.

(3) ***Illegal operation of Internet insurance business.*** First, the qualifications for operation of Internet insurance shall be sorted out, and priority shall be given to investigate and punish the entities that carry out Internet insurance business without relevant insurance licenses and the Internet enterprises that carry out insurance business through the Internet without business qualifications. Second, the entities and individuals that raise illegal funds in the name of insurance companies or under the guise of insurance companies' credit shall be investigated and punished.

(4) ***Supporting measures***. An institution engaged in Internet insurance businesses shall strictly implement the requirements of keeping clients' funds in the custody of a third party so as to ensure the safety of clients' funds. By relying on the mechanism for reporting and heavy penalties, problems shall be identified in a timely manner, rectify improper activities, and severely punish the institutions that have violated laws or regulations.

As regards the Special Rectification Initiative, the items (1) and (2) above are relative to insurance companies and not applicable to insurance agencies; and for item (3), our Company has obtained relevant qualification and is not subject to illegal operation of Internet insurance business; and for item (4), as of the Latest Practicable Date, our Company had not engaged in on-line collection of payment from customers.

The Company has organized special training and studies as well as self-inspection in relation to the provisions relating to insurance intermediary institutions in the Special Rectification Initiative, and submitted corresponding reports according to the requirements of the CBIRC.

Internet Business

Based on the Administrative Measures for Internet Information Service released by the State Council on September 25, 2000 and amended on January 8, 2011, and the Administration Measures for Not-for-profit On-line Information Service Registration released on February 8, 2005 by IT Industry Ministry and effective from March 2, 2005, Internet information service is classified into for-profit and not-for-profit, in which profitable Internet information service refers to service activities to provide information or website design to on-line users on Internet for profit; not-for-profit on-line information service refers to service activities to provide on-line users open, shared information on Internet free of charge. The national government has installed permit system for for-profit on-line information service and registration system for not-for-profit Internet information service.

Not-for-profit on-line information service within the territory of the People's Republic of China should file for registration with telecommunication administrative bureau of the province in which it is located. Not-for-profit on-line information service provider should log onto the registration management system of IT Industry Ministry at designated time each year to manage yearly review formality.

Mobile App

Mobile Internet app (hereinafter "**app**") is subject to monitoring by Administrative Regulations for Mobile Internet Apps Information Service (hereinafter the "**Apps Regulations**") released by the State Internet Information Office on June 28, 2016 and effective from August 1, 2016. Based on the Apps Regulations, information service via mobile Internet app must obtain relevant qualifications in accordance with laws and regulations.

Pursuant to the Service Guide for Examination and Approval of Telecom Business License (complete version) (《電信業務經營許可審批服務指南(完整版)》) promulgated by the Ministry of Industry and Information Technology on May 31, 2017, qualification requirements on app(s) depends on actual service type executed by such app(s), i.e. app(s) owners shall apply for qualification or license for their app(s) if services provided by such app(s) correspond with any category of value-added telecommunications services under the Catalogue of Telecommunications Services (2015 Version) (《電信業務分類目錄(2015年版)》). Our Group's apps are for information enquiries and management use in conducting our Group's professional insurance agency business and automobile butler services business, and as advised by our PRC Legal Advisors, our Group is not required to obtain relevant qualifications for its apps.

As of the Latest Practical Date, our Group's websites are only used as a channel for publishing basic information and advertisement of the Group and its business, without any paid service activities of information providing or webpage-making, etc. to Internet users, and our Group's apps are for information enquiries and management use in conducting the Group's professional insurance agency business and automobile butler services business.

Our Group did not provide any online information services to the public or any deal-making service through its websites and apps. The websites owned by our Group are used as unilateral display platforms and promotion channels for our Group's basic information, and the apps of our Group are mainly auxiliary tools to facilitate the transaction process in our Group's insurance agency business and used for information inquiries by relevant parties in the automobile butler services business. There is no payment and settlement function in the websites or the apps. Our Group does not receive any usage fee or reward from users or any third parties for using its websites or apps either. Thus, no revenue is directly generated or will be generated from the websites or the apps. As advised by our PRC Legal Advisors, the activities conducted by our Group through its websites and apps constitute "not-for-profit" information service, and do not constitute value-added telecommunications services, and therefore the activities conducted by the Group through its websites and apps are not subject to foreign ownership restrictions under the applicable PRC laws.

Our Group has completed the filing procedures for the non-profit internet information services in respect of its three websites in accordance with the Administrative Measures for Internet Information Service, which was promulgated by the State Council and took effect on September 25, 2000.

In addition, our Group has obtained the License for Operating Insurance Agency Business for its insurance agency service business, and complied with the disclosure procedure of information concerning its websites, apps, WeChat official account involved in insurance agent business and its Internet insurance products in the "Information Disclosure on Intermediaries" column of the official website designated by the CBRIC, pursuant to the Provisional Regulatory Measures for On-line Insurance Business, promulgated by the CBIRC on July 22, 2015 and took effect on October 1, 2015. As advised by our PRC Legal Advisors, our Group has obtained all necessary licenses and permits as required under applicable PRC laws and regulations.

Third Party Information Protection

Provisions on the Technical Measures for the Protection of the Security of the Internet promulgated by the Ministry of Public Security on December 13, 2005 and effective from 1 March 2006 provide initial requirements on supervising the security of Internet information. The providers of the Internet services and entity users of the network shall establish a corresponding management system. The information as registered by users shall not be publicized or divulged without the approval of the users, unless it is otherwise specified by any law or administrative regulation. The providers of the Internet services and entity users of the network shall adopt technical measures for the protection of the Internet security according to law and shall not take technical measures to injure the users' freedom and confidentiality of communication under the pretext of protecting the security of the Internet.

Decision on Strengthening Information Protection on Networks promulgated by the Standing Committee of the National People's Congress on December 28, 2012 and effective from the same day provides basic principles for protecting electronic information by which individual citizens can be identified and which involves the individual privacy of citizens.

Law of the People's Republic of China on Protection of Consumer Rights and Interests promulgated by the Standing Committee of the National People's Congress on October 25, 2013 and effective from March 15, 2014 specifies that personal information of consumers in purchasing and using commodities or receiving services shall be under the protection of the law. Business operators should follow the principles of legality, propriety and necessity when collecting and using consumers' personal information, specifically notify consumers about the purpose, method and scope of the collection and use of the information and obtain the consumers' consent. Business operators who collect and use consumers' personal information should announce their policies on collection and use and should not collect and use the information in breach of laws and regulations and the agreement between the parties. Business operators and their staff should keep strictly confidential the consumers' personal information that they collected; and should not divulge, sell or unlawfully furnish to any third party such information. Business operators should implement technical and other necessary measures to ensure that the information is secure and to prevent the disclosure or loss of consumers' personal information. In case the information is or is likely to be disclosed or lost, remedial action should be taken immediately. Business operators should not send commercial information to consumers who have not given their consent or have not made a request or have expressly indicated their refusal.

Provisions on Protecting the Personal Information of Telecommunications and Internet Users promulgated by the Ministry of Industry and Information Technology of the People's Republic of China on July 16, 2013 and effective from September 1, 2013 further improve the personal information protection system of telecommunications and Internet industries and specify the scope and obligation subjects of personal information protection of telecommunications and Internet users, rules on collection and use of users' personal information by telecommunications service operators and providers of Internet information services and agent management and information security guarantee measures. The providers of the Internet services and entity users of the network shall establish a corresponding administration system. The information as registered by users shall not be publicized or divulged without the approval of the users, unless it is otherwise specified by any law or administrative regulation.

According to the Network Security Law of the People's Republic of China promulgated by the Standing Committee of the National People's Congress on November 7, 2016 and effective from June 1, 2017, network service providers, in their business operation and provision of services, must observe laws and regulations and perform the obligation of ensuring network security, effectively respond to cybersecurity incidents, prevent illegal activities, and maintain the integrity, confidentiality and availability of network data.

Regulatory Provisions for Professional Insurance Agencies promulgated by CBIRC on October 19, 2015 and effective from the same date specifies the information protection obligation of insurance agencies in the process of operation. Full-time insurance agencies and their employees, in the process of their business operation, shall not disclose the trade secrets and personal privacy of policyholders, insurants, beneficiaries or insurance companies that are acquired in the course of business operation.

The Interim Measures for the Supervision of the Internet Insurance Business promulgated by the CIRC on July 22, 2015 and effective from October 1, 2015 specifies that when concluding insurance contracts and providing insurance services (i.e. "the Internet insurance business") via self-operated network platforms, and third-party network platforms, among others, by relying on the Internet, mobile communications, and other technologies, insurance institutions shall ensure that Internet insurance consumers enjoy insurance services such as insurance purchase and claim settlement that are not less than those from any other business channel, and guarantee the safety of insurance transaction information and consumer information. Insurance institutions shall have a safe and reliable Internet operation system and information safety management system; shall strengthen the management of customer information to ensure the authenticity and effectiveness of customer information and the safety and legality of collection, processing and use of the information; shall keep strictly confidential and shall not disclose any customer information collected in the course of conducting Internet insurance business, and shall not use the customer information for any purposes other than the provision of relevant services without the consent of customers.

AUTOMOBILE BUTLER BUSINESS

Regulatory authority — Transport Administration Bureau of the Ministry of Public Security

The Ministry of Public Security under the State Council is in charge of the road traffic safety management nationwide, and traffic administrative departments of the public security organs under the people's governments at or above the county level are responsible for the road traffic safety management within their administrative areas. Its main duties include:

- formulating policies and regulations on road traffic management.
- guiding and supervising local public security organs in their investigating and dealing with road traffic violations according to law, preventing and handling traffic accidents, and maintaining the road traffic order and highway security order.
- guiding local public security organs in their examining and approving road transportation of highly toxic chemicals.
- guiding and supervising registration, safety inspection and examination and certification of drivers of motor vehicles (excluding tractors).
- organizing and guiding publicity and education concerning road traffic safety.
- organizing and guiding road traffic management technology work.
- guiding local public security organs in organizing urban road traffic and participating in urban road traffic planning and construction and planning of road traffic safety facilities.
- taking charge of Traffic Management Research Institute of the Ministry of Public Security (training center for road traffic management cadres of China) and Road Traffic Safety Association of China.

Regulatory and Legal Framework

Transportation

According to the Law of the People's Republic of China on Road Traffic Safety implemented on May 1, 2004 and revised on April 22, 2011 by the Standing Committee of the National People's Congress, the Regulations on the Implementation of the Law of the People's Republic of China on Road Traffic Safety implemented on May 1, 2004 and revised on October 7, 2017 by the State Council, the State applies a system of registration to motor vehicles. A motor vehicle is not allowed to run on road until it has been registered by the traffic administrative department of the public security organ; the motor vehicle drivers shall apply to the traffic administrative department of the public security organ for the motor vehicle driving license.

Motor vehicle cleaning

According to the Provisional Regulations on the Administration of Motor Vehicle Cleaning in Shanghai implemented by the Shanghai Municipal Government on June 21, 2016, motor vehicle cleaning enterprises shall comply with the provisions of the Technical Specifications for Motor Vehicle Cleaning Stations in terms of facilities, and motor vehicle cleaning enterprises applying for establishment shall, within 10 days after obtaining the industrial and commercial business license, go through the filing formalities with the administrative departments of greening and city appearance of the districts or counties where they are located. The oil, sludge and other contaminants generated by cleaning motor vehicles shall be disposed of in accordance with the relevant provisions of environmental protection, city appearance and environmental sanitation, and shall not be arbitrarily discharged, stacked and dumped. To apply for the establishment of a motor vehicle cleaning enterprise, the following conditions shall be met:

(1) business premise that meets the requirements of urban planning and reaches a certain level of scale;

(2) a feasibility study report on establishing a motor vehicle cleaning enterprise;

(3) necessary funds;

(4) operation and service facilities that are compatible with the scale of operation and traffic flow;

(5) qualified management and employees.

Rescue

According to the *Management Regulations on the Maintenance of Motor Vehicles* implemented by the Ministry of Communications from August 1, 2005 and revised on April 19, 2016, maintenance and rescue falls under the business scope of motor vehicle maintenance. The state licenses motor vehicle maintenance operations by classification based on the type of vehicles, service capabilities and operating items. Enterprises licensed for Class I and Class II vehicle maintenance operations or other motor vehicle maintenance operations may engage in whole motor vehicle repair, unit repair, whole motor vehicle maintenance, minor repair, maintenance and rescue, special repair and test on completion of repair.

Mobile Internet

Please refer to the legal framework of "Internet service" and "Mobile application" under the section of "Insurance Agency Business."

Third-Party information protection

Please refer to the legal framework of "Third-Party information protection" under the section of "Insurance Agency Business."

TAX

Corporate Income Tax

Based on the Corporate Income Tax Law of the People's Republic of China effective from January 1, 2008 and amended on February 24, 2017 and the Implementation Provisions for the Corporate Income Tax Law of the People's Republic of China released on January 1, 2008, companies are classified into resident companies and non-resident companies. Corporate Income Tax rate is 25%, or 20% for non-resident company which hasn't set up organization or operating site, or its income from established organization or operating side is not really connected to such organization or site, judging by the source of its income within China territory. "New high-tech enterprise" (高新技術企業) encouraged by the government shall be accorded with 15% income tax.

Based on the Announcement on Issues Regarding Implementation of Preferential Income Tax Policy for New High-Tech Enterprise released on June 19, 2017 by State Administration of Taxation (SAT) and effective from January 1, 2017, company qualified as high or new technology company shall entertain preferential tax from the year indicated on the certificate for new high-tech enterprise, and file for registration with taxation agency of jurisdiction according to relevant provisions. On expiration of the qualification as new high-tech enterprise, income tax shall be temporarily levied based on a rate of 15% before renewal of the qualification; if such qualification shall not be obtained before the end of the year, the shortage shall be made up according to relevant provisions.

Withholding Income Tax

Based on the Arrangement between Inland and Hong Kong Special Administrative Region regarding Avoidance of Double Taxation on Income and Prevention of Tax Evasion agreed between SAT and Hong Kong on August 21, 2006, and three conventions implemented as of June 11, 2008, December 20, 2010 and December 29, 2015, if HK resident holds at least 25% of the registered capital of a company in China, the withholding income tax rate applicable to the Chinese company for dividends payable to the HK resident is 5%. If HK resident holds less than 25% of the registered capital of a company in China, the withholding income tax rate applicable to the Chinese company for dividends payable to the HK resident is 10%.

VAT

Provisional Regulations on Value Added Tax of the People's Republic of China amended by the State Council on November 19, 2017 and Specific Implementation Rules for Provisional Regulations on Value Added Tax of the People's Republic of China amended on October 28, 2011, value added tax is applicable to goods sales, processing service, repairing and fitting service and import and export of goods conducted within China territory. Payable VAT is based on sales VAT minus purchase VAT, and VAT rate can be 17%, 11% or 6% depending on product. The tax rate applies as follows:

(1) For taxpayers selling goods, labor services, tangible movable property leasing services or importing goods, other than those stipulated in items (2), (4) and (5) of this article, the tax rate shall be 17%.

(2) For taxpayers selling transportation, postal services, basic telecommunications, construction, immovable property leasing services, selling immovable property, transferring land use rights, selling or importing the following goods, the tax rate shall be 11%:

1. Food grains and other agricultural products, edible vegetable oils, edible salt;

2. Tap water, heating, air conditioning, hot water, coal gas, liquefied petroleum gas, natural gas, dimethyl ether, methane gas, coal/charcoal products for household use;

3. Books, newspapers, magazines, audio and video products, and electronic publications;

4. Feeds, chemical fertilizers, agricultural chemicals, agricultural machinery and covering plastic film for farming;

5. Other goods as regulated by the State Council.

(3) For taxpayers selling services, intangible property, other than those stipulated in items (1), (2) and (5) of this article, the tax rate shall be 6%.

(4) For taxpayers exporting goods, the tax rate shall be 0%, except as otherwise stipulated by the State Council.

(5) For domestic units and individuals conducting cross-border sale of services and intangible assets within the scope stipulated by the State Council, the tax rate shall be 0%.

Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (財稅[2018]32號) issued by the MOF and SAT on April 4, 2018 and effective on May 1, 2018, the applicable VAT for VAT-taxable sales activities or imported goods are adjusted respectively from 17% and 11% to 16% and 10%.

Urban Maintenance and Construction Tax

Based on the State Council Notice Regarding Unification of Urban Maintenance and Construction Tax and Education Surcharge for Domestic and Foreign Investment Companies and Individuals released on December 1, 2010 by the State Council and the Provisional Regulations for Urban Maintenance and Construction Tax of the People's Republic of China amended on January 8, 2011, urban maintenance and construction tax is applicable to all entities and individuals paying consumer tax, VAT and business tax within China territory. Urban maintenance and construction tax is as follows: 7% for tax payer residing in city; 5% for tax payer residing in county or town; 1% for tax payer outside of city, county and town.

Education Surcharges

Based on Provisional Regulations Regarding Education Surcharges amended by January 8, 2011 by the State Council, except for entities paying rural education surcharges according to the State Council Notice on Rural Schooling Fund Raising on December 13, 1984, education surcharges is applicable to all entities and individuals paying consumer tax, VAT and business tax. Education surcharges rate is 3% of VAT, business tax or consumer tax paid by entity or individual, and should be paid simultaneously with the basis taxes.

EMPLOYMENT AND SOCIAL WELFARE

Employment

The relevant labor laws in China include the Employment Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, Interim Provisions on Labor Dispatch, the Social Insurance Law of the People's Republic of China, the Provisional Measures for Company Employee Birth Insurance (1995), the Provisional Regulations for the Collection and Payment of Social Insurance Premiums, and the Provisional Management Measures for Social Insurance Registration and Regulations for Housing Provision Management and other laws and regulations released from time to time by relevant governmental departments.

Based on the Employment Law of the People's Republic of China promulgated by the Standing Committee of National People's Congress on January 1, 1995 and amended on August 27, 2009, enterprises and institutions must establish and improve work safety and health system, strictly enforce national regulations and standards on work safety and health, and carry out work safety and health education for workers. Working safety and health facilities must meet national standard. Enterprises and institutions must provide workers with working safety and health conditions meeting national provisions and relevant articles on labor protection.

Based on the Labor Contract Law of the People's Republic of China released on January 1, 2008 by the Standing Committee of National People's Congress and amended on December 28, 2012 (hereinafter referred to as the "Labor Contract Law"), enterprise or organization which will establish or has established employment relationship with workers should make it official with written employment contract. No enterprise or institution may force workers to work over time, and employer should pay over-time fee to workers in line with relevant national provisions. And wage during probation period should not be lower the minimum level for the same post within the employer or eighty percent of agreed wage in employment contract, and it should not be lower than the minimum wage for the place where employer is located.

Based on the Interim Provisions on Labor Dispatch and the Labor Contract Law, which were implemented by the Ministry of Human Resources and Social Security on March 1, 2014, employers may employ dispatched workers in temporary, auxiliary or substitutable positions only which shall not exceed 10% of the total number of its workers. If the employer violates the relevant labor dispatch regulations, the labor administrative department shall order it to make corrections within a time limit; if it fails to make corrections within the time limit, penalty shall be imposed on the basis of more than RMB5,000 and less than RMB10,000 per person.

Social Insurance and Housing Provision

Based on the Work-related Injury Insurance Regulations effective from January 1, 2004 and amended in 2010 by the State Council, and Provisional Measures for Enterprise Employee Birth Insurance released on January 1, 1995 by Labor Ministry (now the Ministry of Human Resources and Social Security), the Decision on the Establishment of Unified Basic Pension System for Enterprise Employees released on July 16, 1997 by the State Council, the Decision on the Establishment of Basic Medical Insurance System for Urban Employees promulgated by the State Council on December 14, 1998, the Regulations on Unemployment Insurance released by the State Council on January 22, 1999, the Provisional Regulations on the Collection and Payment of Social Insurance Premiums released by the State Council on January 22, 1999, and the Provisional Management Measures for Social Insurance Registration released by Labor Ministry (now the Ministry of Human Resources and Social Security) on March 19, 1999, the Social Insurance Law of the People's Republic of China released by the Standing Committee of National People's Congress on July 1, 2011, the Several Provisions on the Collection and Payment of Social Insurance Fees for Urban Workers in Shanghai implemented by the Standing Committee of the Shanghai Municipal People's Congress on December 1, 2000, and the

Implementation Measures for the Collection and Payment of Social Insurance Fees in Shanghai implemented on April 10, 2002 and revised on December 20, 2010 by the Shanghai Municipal Government, employer should purchase social insurance policies for employees, including basic pension policy. Basic medical insurance policy, unemployment insurance policy, maternity insurance policy and work-related injury insurance policy. Employer failing to make timely and full payment for social insurance shall be demanded by social security authority of jurisdiction to furnish payment plus overdue surcharge within designated time period. If such employer shall fail to make up for overdue payment within designated time period, related administrative department shall enforce punitive measures on the employer.

Based on Housing Provision Regulations released in 1999 and amended in 2002 by the State Council, and the Several Provisions on the Management of Shanghai Housing Provident Fund implemented by the Standing Committee of the Shanghai Municipal People's Congress on January 1, 2006, enterprises should file for housing provision payment registration with housing provision management center, and set up housing provision account for employees at trusted bank after audited by the center. Enterprises should make timely and full payment for employee housing provision.

INTELLECTUAL PROPERTY

Trademark

Based on the "Trademark Law of the People's Republic of China amended on August 30, 2013 and implemented from May 1, 2014, the valid period for registered trademark is 10 years from the date of approval and registration; to renewal trademark registration upon expiration, the trademark registrant should follow the provisions to manage renewal twelve months before expiration; if it is not processed within the period, a six month extension period shall be given. Valid period for each renewal is ten years from the next day after the previous expiration date. If renewal is not managed after expiration, the trademark shall be cancelled. Business administration authority shall sanction any infringement of trademark by law; where suspected crime is involved, the perpetrator shall be promptly apprehended by judicial agency for legal proceedings.

Copyright

Based on the Copyright Law of the People's Republic of China amended on January 26, 2010 and effective from April 1, 2010, Chinese citizens, legal person or any other organization shall be entitled to copyright of its work by this law whether or not such work is published or not. Copyright covers following forms of creative works: literature, art, natural science, engineering technology works; writing; narration; music, drama, opera, dance and acrobatic works; fine art and architectural works; photography; films and cinematography works; drawings of engineering designs and product designs, maps, illustrations other graphic works and model works; computer software; other works as prescribed by laws and administrative regulations. Perpetrator infringing on copyright or copyright related rights shall be held liable for actual damage to obligee, and may be fined, confiscated illegal income, pirate copies and properties used for illegal activity.

Domain Name

Based on the Implementation Rules for Domain Registration released by China Internet Network Information Center (CNNIC) on May 29, 2012 and effective on the same day, and the Internet Domain Name Management Measures released by MIIT on August 24, 2017 and effective from November 1, 2017, domain name registration shall be conducted through domain name registration management service institutions, on the basis of "first apply first register", unless otherwise specified by the implementation rules for a particular domain name. Domain name registration management service institution should enter into individual domain name registration agreement with applicant. Domain name holder should notice domain name registration management service institution any alteration in registration information other than that of the holder and apply for registration information change within thirty days after the alteration according to alteration recognition method selected at application.

HISTORY AND BUSINESS DEVELOPMENT

Overview

Our Group's history traces back to December 2007 when we were founded by Mr. Ye and an independent third party in Shanghai, the PRC under the name of Shanghai Sheng Shi Da Lian Insurance Agency Co., Ltd.* (上海盛世大聯保險代理有限公司) with an initial registered capital of RMB500,000 of which Mr. Ye was interested in 60%. Mr. Ye is also our executive Director and a Controlling Shareholder. See "Directors, Supervisors and Senior Management" for details of his background and experience. Prior to establishing our Group in 2007, Mr. Ye had experiences in the media business where he was exposed to multiple industries including automobile-related industries. Having perceived the expanding needs of automobile owners in the PRC, Mr. Ye considered the automobile-related service industries to be at a relatively early stage of development with considerable growth potential in the PRC. In order to tap into the market of automobile-related services in the PRC, Mr. Ye established Shengda Limited in 2007.

For the purpose of getting our Domestic Shares quoted on the NEEQ, our Company underwent a restructuring and was converted into a joint stock limited liability company under the PRC law on April 24, 2014. We renamed as Sun Car Insurance Agency Co., Ltd.* (盛世大聯保險代理股份有限公司) in June 2015. Our Domestic Shares have been quoted on the NEEQ since December 2014.

Since our establishment, our businesses have been conducted principally in the PRC. We commenced our insurance agency business in March 2008 through Shengda Limited, and in 2013, we expanded into the provision of automobile butler services. Since then, we have been actively pursuing these two main business lines. Leveraging our proprietary technologies, we have established Internet and mobile app-based service platforms, which greatly facilitated the business process of our two main business lines. We have registered our first software copyright for our butler app and insurance app in 2014 and 2015, respectively.

Throughout the years, we have acquired strong recognition from our customers (which are primarily banks and insurance companies in the PRC). We ranked first among the professional automobile insurance agencies market in China in terms of automobile insurance premium facilitated in 2017, and first in the B2B integrated automobile after-sales service market in China in terms of sales revenue in 2017, according to the Frost & Sullivan Report.

Important Milestones

Set out below are the significant milestones of our development history since our inception:

Date	Events
2007	We were established in Shanghai, PRC, with the mission of becoming a leading one-stop auto service platform in the PRC.
2009	We were awarded the "2009 Most Valuable Zhejiang Enterprise in Terms of Investment" (《2009年浙商最具投資價值企業》) by the Zhejiang Business Conference Organizing Committee (浙商大會組委會).
2013	We commenced our automobile butler services business.
2014	Our Company was converted into a joint stock limited liability company and was successfully admitted to and conducted a share placement on the NEEQ, thereby becoming the first company in the insurance sector to have its Domestic Shares quoted and traded on the NEEQ (Stock Code: 831566).
2015	We successfully adopted the "market-making" mechanism for trading of our Domestic Shares on the NEEQ.
	Our Domestic Shares were admitted to the NEEQ Component Index and the NEEQ Market-Making Index and we became a dual-composite index company quoted on the NEEQ.
	Our Company was granted the nationwide insurance business license issued by the CBIRC, pursuant to which our Company has been approved to conduct insurance agency business on a nationwide scope.
	Shengshi Dalian Automobile was accredited a "new high-tech enterprise" (高新技術企業).
2016	Our Company was ranked among the "First Top 100 Enterprises on the NEEQ" (《首屆新三板百強榜》) by the Securities Times (證券時報) and China Venture Capital Research Institute (中國風險投資研究院).
	Our Company was accredited a "new high-tech enterprise" (高新技術企業).
2017	We were ranked among the "2017 China Potential Enterprise List" (《2017中國潛力企業榜》) by Forbes and were named one of the top 100 NEEQ enterprises worthy of notice.
2018	We were admitted to the "innovation layer" of the NEEQ (新三板創新層企業) for three consecutive years.

CORPORATE DEVELOPMENT OF OUR COMPANY

Major Changes in Our Shareholding Structure and Registered Capital *(Note)*

Since establishment up to our conversion into a joint stock limited liability company

On December 5, 2007, our Company was established with a registered capital of RMB500,000, which had been fully paid up. Mr. Ye and an independent third party, being a passive shareholder and a merchant and business partner of Mr. Ye, contributed 60% and 40% to our then registered capital, respectively.

Pursuant to an equity transfer agreement dated April 26, 2010, Mr. Ye and the independent third party transferred their respective entire equity interest in our Company to Shengda Group at a consideration of RMB300,000 and RMB200,000, respectively, which were determined with reference to the then registered capital of our Company. The registration of such transfer with the Administration for Industry and Commerce was completed on May 19, 2010. The then shareholder of Shengda Group was Shanghai Feiyou which was owned as to 85% by Mr. Lei Zhunfu, the chairman and the general manager of our Company and our executive Director, and 15% by an another independent third party, respectively.

During the period between 2010 to 2012, certain companies (including Haiyan Trading, Auto Market Group, China Auto, Auto Services, Automobile Services and YSY Group) controlled by Mr. Ye underwent a reorganization to formalize the shareholding structure of Mr. Ye's business. On November 26, 2012, Haiyan Trading, a company then indirectly controlled by Mr. Ye, acquired from Mr. Lei Zhunfu and an independent third party their respective 85% and 15% equity interests in Shanghai Feiyou pursuant to an equity transfer agreement at a consideration of RMB425,000 and RMB75,000, respectively, which were determined with reference to the then registered capital of Shanghai Feiyou. Thereafter, we underwent three rounds of capital injections from Shengda Group, pursuant to which our registered capital increased to RMB50,000,000 as of May 2013.

Pursuant to an equity transfer agreement dated November 1, 2013, Shengda Group transferred 0.5% of its equity interest in our Company to Jingying Advertising at a consideration of RMB270,000, which was determined with reference to the then registered capital of our Company. The registration of such transfer with the Administration of Industry and Commerce was completed on November 18, 2013.

On April 24, 2014, we were converted into a joint stock limited liability company under the PRC law and in June 2015, we were renamed as Sun Car Insurance Agency Co., Ltd.* (盛世大聯保險代理股份有限公司) with a registered capital of RMB50,000,000 divided into 50,000,000 Domestic Shares of nominal value of RMB1.00 each.

Note: All independent third parties mentioned in this paragraph are different individuals.

Shareholding reorganization of Mr. Ye's controlled companies during 2010 to 2012

(1) Financial Investments in Auto Services

In 2012, four financial investors, namely (i) KMBP Holdings Limited ("**KMBP**"), (ii) Huitung Investments (BVI) Limited ("**Huitung Investments**") and (iii) two independent third parties were introduced as preferred shares investors to Auto Services, which at the relevant time was wholly-owned by Automobile Services and in turn was held as to 87.08% by Mr. Ye. Immediately after the completion of the respective investments by the four financial investors, Auto Services was directly held as to 57.86% by Automobile Services, 28.90% by KMBP, 2.48% by Huitung Investments and 10.75% by the two independent third parties, respectively. All the consideration of the respective investments had been fully settled. In June 2017, the two independent third parties transferred their entire preferred shares in Auto Services to YSY Group, a company wholly-owned by Mr. Ye, at a consideration of USD4,000,000 and USD2,000,000, respectively, which were determined after arm's length negotiations between the parties.

The investments made by the four financial investors in Auto Services are not pre-IPO investments under Guidance Letter HKEX-GL43-12 issued by the Stock Exchange as they were fully and irrevocably completed and settled prior to the quotation of our Domestic Shares on the NEEQ.

(2) Investor Rights of the Shareholders of Auto Services

As of the Latest Practicable Date, the issued shares of Auto Services comprised ordinary shares and preferred shares. Automobile Services and the respective financial investors enjoyed certain investor rights (the "**Investor Rights**") which are attached to the preferred shares in Auto Services. Such Investor Rights also cover entities outside the Group, such as those entities referred to in "Relationship with Controlling Shareholders and Connected Transactions — Business Delineation."

The major Investor Rights include (among others and where applicable) prior approval to certain corporate actions, veto rights, pre-emptive rights, nomination rights and rights to convert the preferred shares into ordinary shares of Auto Services (but not any other group members of Auto Services).

On 23 August 2018, a shareholders' meeting of Auto Services was held and resolved that the Investor Rights attaching to the preferred shares of Auto Services relating to our Company, its subsidiaries, branches and associated corporations incorporated from time to time would be terminated on the same date.

Quotation on the NEEQ and thereafter

In conjunction with our NEEQ quotation, we conducted a share placement of 1,000,000 new Domestic Shares with an independent third party. On December 31, 2014, 51,000,000 Domestic Shares, being our entire share capital at that time, became quoted on the NEEQ (Stock Code: 831566). The following sets out our shareholding structure following our quotation on the NEEQ and completion of the share placement:

	Number of Domestic Shares held	**Approximate percentage of shareholding**
Shengda Group	49,750,000	97.55%
Jingying Advertising	250,000	0.49%
Independent third party	1,000,000	1.96%
Total	**51,000,000**	**100%**

Following the commencement of the quotation and trading of our Domestic Shares on the NEEQ and our first share placement in conjunction therewith, we conducted three subsequent share placements with an aggregate issue of 8,940,000 new Domestic Shares to independent third parties, and one issuance of 4,000,000 new Domestic Shares to Ningbo Shengning in 2015, the shareholding platform of our share-based compensation scheme (see "— Share-based Compensation Scheme" below), as a result of which our registered capital increased to RMB63,940,000 (divided into 63,940,000 Domestic Shares with a nominal value of RMB1.00 each) as of July 2016.

On September 14, 2016, our Company completed the Capitalization Issue on the basis of 10 new Domestic Shares for each of 10 existing Domestic Shares, as a result of which a total of 63,940,000 new Domestic Shares were issued (and credited as fully paid up by our capital reserve fund available at that time) to all of our then Shareholders on a pro rata basis. Following completion of the Capitalization Issue and up to the Latest Practicable Date, we had a registered capital of RMB127,880,000 divided into 127,880,000 Domestic Shares with a nominal value of RMB1.00 each.

For further details of our capital contributions, see "Appendix VII – Statutory and General Information".

At our extraordinary general meeting held on May 29, 2018, among other things, our Shareholders approved the issue of H Shares by our Company and the Listing. As disclosed in our Company's announcement dated June 20, 2018 published on the NEEQ website, we have voluntarily suspended all dealings in our Domestic Shares quoted on the NEEQ since June 21, 2018 for the purpose of the application for the Listing to avoid any potential price volatility of our Domestic Shares and to protect the interests of our Shareholders, with reference to the principles under the Business Rules of the National Equities Exchange and Quotations System (for Trial Implementation) (全國中小企業股份轉讓系統業務規則(試行)) (the "**NEEQ Business Rules**") and the Guidelines for the Suspension and Resumption of Transfer of Quoted Companies on the National Equities Exchange and Quotations System (for Trial Implementation) (全國中小企業股份轉讓系統掛牌公司暫停與恢復轉讓業務指南 (試行)). As advised by our PRC Legal Advisors, according to the NEEQ Business Rules, our Company was mandatorily required to suspend all dealings in our Domestic Shares once we submitted our Listing application in August 2018. The closing price of our Domestic Shares quoted on the NEEQ on the last trading day before the voluntary suspension in dealings was RMB13.60. We plan to maintain the quotation of our Domestic Shares on the NEEQ after the Listing and the trading in our Domestic Shares on the NEEQ is expected to resume upon the Listing.

Our Directors confirm that, to the best of their knowledge and belief, our Company had been in compliance with all applicable PRC securities laws and regulations as well as rules and regulations of the NEEQ in all material respects, and had not been subject to any administrative penalty action by the relevant regulators in all material respects, since our Domestic Shares were quoted on the NEEQ up to the Latest Practicable Date. Our Directors confirm that, to their best knowledge and belief, there are no matters that need to be brought to the attention of the regulators and investors in relation to our NEEQ quotation. Based on the foregoing Directors' confirmation and publicly available information, the Joint Sponsors concur that there are no other matters that need to be brought to the attention of the regulators and the investors in relation to our Company's NEEQ quotation.

Our Top Ten Shareholders as of the Latest Practicable Date

The following table sets out the shareholding of our top ten Shareholders since June 21, 2018, being the date since which all dealings in our Domestic Shares quoted on the NEEQ have been suspended, and as of the Latest Practicable Date, all of whom held Domestic Shares:

	Number of Domestic Shares Held	Approximate percentage of shareholding
Shengda Group	70,445,000	55.09%
Ningbo Shengning	8,000,000	6.26%
Wu Bin (吳彬)	4,000,000	3.13%
Shanghai Qipu Investment Management Co., Ltd. — Ningbo Qipu Yingtong Investment Management Partnership (Limited Partnership)* (上海啟浦投資管理有限公司 — 寧波啟浦營通投資管理合伙企業(有限合伙))	3,700,000	2.89%
Bian Jinyan (卞錦艷)	3,225,000	2.52%
Hangzhou Lianchuang Yongjun Kechuang Equity Investment Partnership (Limited Partnership)* (杭州聯創永鈞科創股權投資合伙企業(有限合伙))	2,300,000	1.80%
Shanghai Aijian Trust Co., Ltd.* (上海愛建信託有限責任公司)	2,300,000	1.80%
Chen Shuda (陳書達)	2,000,000	1.56%
Industrial Securities Co., Ltd.	1,685,000	1.32%
Shanghai Lianchuang Yongyuan Equity Investment Fund Management Co., Ltd. — Shanghai Lianchuang Yongyuan Equity Investment Fund Partnership (Limited Partnership)* (上海聯創永圓股權投資基金管理有限公司-上海聯創永圓股權投資基金合伙企業(有限合伙))	1,600,000	1.25%
Total	**99,225,000**	**77.62%**

Share-based Compensation Scheme

To incentivize and recognize the contributions of certain employees and officers of our Group, our Company adopted a share-based compensation scheme in April 2015, pursuant to which an aggregate of 4,000,000 new Domestic Shares were issued to Ningbo Shengning, a limited partnership established in the PRC as the shareholding platform for our share-based compensation scheme, at a subscription price of RMB2.00 per Domestic Share with an aggregate consideration of RMB8,000,000. There was no vesting period on the Domestic Shares issued to Ningbo Shengning. At the time such new Domestic Shares were duly issued and allotted to Ningbo Shengning, each of the then limited partners had undertaken that he or she would not cause Ningbo Shengning to transfer any Domestic Shares (beneficially owned by him/her) on the NEEQ in the first three years of Ningbo Shengning first becoming a Shareholder of our Company, and would not, in the five years thereafter, cause Ningbo Shengning to transfer such number of Domestic Shares on the NEEQ in aggregate exceeding 50% (with an annual cap of 15%) of his/her beneficial interests.

As of the Latest Practicable Date, the 16 limited partners of Ningbo Shengning comprised (i) six Directors, namely, Mr. Lei Zhunfu, Mr. Du Bohong, Ms. Gu Saiye, Mr. Hui Dong, Mr. Luo Songlin and Ms. Yao Yuyi, (ii) three Supervisors, namely, Mr. Yin Xiaoming, Mr. Yang Shuaiqi and Mr. Qian Yizhi, (iii) five current employees of the Group, namely, Ms. Su Qian, Ms. Na Xiaotao, Ms. Jing Lin, Mr. Nie Guomin and Mr. Wu Zhaohua, (iv) Mr. Bu Jiangyong, a former director of the Company, and (v) Mr. Ding Lu, a former employee of the Group. The general partner of Ningbo Shengning was Shengda Huitong, a wholly-owned subsidiary of Shengda Group. As of the Latest Practicable Date, Mr. Lei Zhunfu, our chairman, general manager and executive Director, held approximately 52.24% of the shareholding in Ningbo Shengning as a limited partner, while none of the other limited partners of Ningbo Shengning held more than 10% of the shareholding in Ningbo Shengning. Of the 17 partners of Ningbo Shengning, 10 are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules.

Following completion of the Capitalization Issue in September 2016 as referred to under "— Major Changes in Our Shareholding Structure and Registered Capital — Quotation on the NEEQ and thereafter" above and immediately before completion of the Global Offering, a total of 8,000,000 Domestic Shares were held by Ningbo Shengning, representing approximately 6.26% of the total issued share capital of our Company. Following completion of the Global Offering (and assuming the Over-allotment Option is not exercised), Ningbo Shengning will be interested in approximately 4.69% of the total issued share capital of our Company.

Our principal subsidiaries

We conduct our business through our Company as well as our subsidiaries. As of the Latest Practicable Date, we had 10 subsidiaries, of which four were considered as our principal subsidiaries. Set forth below are the corporate details of our four principal subsidiaries:

Name of principal subsidiary	Date of establishment	Place of establishment	Percentage of equity interests held	Principal business
Beijing Beisheng	January 25, 2010	PRC	80%	Provision of insurance agency services in Beijing
Chengdu Shengda	December 21, 2010	PRC	100%	Provision of insurance agency services in Sichuan province
Shengshi Dalian Automobile	June 8, 2013	PRC	100%	Provision of automobile butler services
Nanjing Xindaxin[(Note)]	September 22, 2006	PRC	100%	Provision of insurance agency services in Jiangsu province

Note: We acquired 90% and 10% of the equity interests of Nanjing Xindaxin in June 2014 and August 2015, respectively, from the then relevant shareholders of Nanjing Xindaxin, who are independent third parties.

1. *Beijing Beisheng*

Beijing Beisheng was established as a limited liability company in the PRC on January 25, 2010 by Lianming Advertising with a registered capital of RMB2,000,000. It commenced operations in the same year.

On June 28, 2010, Lianming Advertising, Shengda Group, both being our Controlling Shareholders, and Beijing Media Corporation Limited (北青傳媒股份有限公司), a company listed on the Stock Exchange (stock code: 1000) and an independent third party, entered into an equity transfer agreement, pursuant to which Lianming Advertising agreed to transfer 80% and 20% of its equity interest to Shengda Group and Beijing Media Corporation Limited (北青傳媒股份有限公司) at a consideration of RMB1,600,000 and RMB400,000, respectively, which were determined with reference to the then registered capital of Beijing Beisheng.

On November 29, 2013, our Company and Shengda Group entered into an equity transfer agreement, pursuant to which Shengda Group transferred its entire 80% equity interest in Beijing Beisheng to our Company at a consideration of RMB1.00, which was determined with reference to the then negative net asset value of Beijing Beisheng.

As of the Latest Practicable Date, Beijing Beisheng had a registered capital of RMB2,000,000.

2. *Chengdu Shengda*

Chengdu Shengda was established as a limited liability company in the PRC on December 21, 2010 by Shengda Group with a registered capital of RMB2,000,000. It commenced operations in 2011.

On November 5, 2013, Shengda Group and our Company entered into an equity transfer agreement, pursuant to which Shengda Group transferred its entire 100% equity interest in Chengdu Shengda to our Company at a consideration of RMB1,300,000, which was negotiated on an arm's length basis and determined with reference to the then net asset value of Chengdu Shengda.

As of the Latest Practicable Date, Chengdu Shengda had a registered capital of RMB2,000,000.

3. Shengshi Dalian Automobile

Shengshi Dalian Automobile was established as a limited liability company in the PRC on June 8, 2013 by Shengda Group with a registered capital of RMB2,000,000. It commenced operations in the same year.

On October 29, 2013, the registered capital of Shengshi Dalian Automobile increased from RMB2,000,000 to RMB10,000,000. The capital increase of RMB8,000,000 was contributed entirely by Shengda Group and completed on October 18, 2013.

On November 1, 2013, Shengda Group and our Company entered into an equity transfer agreement, pursuant to which Shengda Group transferred its entire 100% equity interest in Shengshi Dalian Automobile to our Company at a consideration of RMB10,000,000, which was determined with reference to the then registered capital of Shengshi Dalian Automobile.

On March 13, 2018, the registered capital of Shengshi Dalian Automobile was increased to RMB50,000,000 pursuant to the capital contribution of RMB40,000,000 from our Company and was fully paid up by our Company.

As of the Latest Practicable Date, Shengshi Dalian Automobile had a registered capital of RMB50,000,000.

4. Nanjing Xindaxin

Nanjing Xindaxin was established as a limited liability company in the PRC on September 22, 2006 with a registered capital of RMB1,000,000 by three independent third parties which held 25%, 50% and 25% of the equity interests in Nanjing Xindaxin, respectively.

Between its establishment and June 2014, there were various equity transfers between the shareholders of Nanjing Xindaxin, all of whom were independent third parties.

On June 24, 2014, two independent third parties entered into an equity transfer agreement with the Company, pursuant to which the two independent third parties transferred 40% and 50% of their equity interests in Nanjing Xindaxin to our Company at a consideration of RMB800,000 and RMB1,000,000, respectively, which were determined with reference to the then registered share capital of Nanjing Xindaxin. After the said transfer, Nanjing Xindaxin was held as to 90% and 10% by our Company and an independent third party, respectively. At the time of the said transfer, Nanjing Xindaxin was engaged in insurance agency services.

On August 28, 2015, our Company acquired the remaining 10% equity interests in Nanjing Xindaxin from the independent third party at a consideration of RMB200,000, which was determined with reference to the then registered capital of Nanjing Xindaxin. After the said transfer, Nanjing Xindaxin was wholly-owned by our Company.

On February 16, 2016, our Company, as the sole shareholder of Nanjing Xindaxin, resolved to approve the increase of the registered capital of Nanjing Xindaxin from RMB2,000,000 to RMB10,000,000. The increased registered capital of RMB8,000,000 was contributed entirely and was fully paid up by our Company.

As of the Latest Practicable Date, Nanjing Xindaxin had a registered capital of RMB10,000,000.

ACQUISITION AND DISPOSAL DURING THE TRACK RECORD PERIOD

Disposal of Shengshi Dalian Financial Leasing

Shengshi Dalian Financial Leasing, one of our subsidiaries until its disposal in December 2017 as detailed below, was established in the PRC on December 1, 2015 with an initial registered capital of RMB170,000,000. Shengshi Dalian Financial Leasing is primarily engaged in the provision of automobile finance lease. At the time of establishment, Shengshi Dalian Financial Leasing was owned as to 75% by our Company and 25% by Auto Market Group, one of our Controlling Shareholders.

Pursuant to an equity transfer agreement dated June 28, 2017, our Company disposed of its 75% equity interest in Shengshi Dalian Financial Leasing to Shengda Group, at a cash consideration of RMB89,000,000, which was determined with reference to the then market value of Shengshi Dalian Financial Leasing pursuant to an appraisal report prepared by an independent valuer. As advised by our PRC Legal Advisors, the disposal had been properly and legally settled and completed. Upon completion of the aforesaid disposal on December 29, 2017, our Company ceased to hold any interest in Shengshi Dalian Financial Leasing. Shengshi Dalian Financial Leasing was profit-making but contributed no more than 1% of our Group's net profit in 2015, 2016 and until its disposal in December 2017. Our Group disposed of Shengshi Dalian Financial Leasing to streamline our corporate structure and to strategize our business in order to focus on our automobile insurance agency and automobile butler services businesses.

Acquisition of Shanghai Ainite Insurance Agency Co., Limited* (上海艾尼特保險代理有限公司) ("Shanghai Ainite")

Shanghai Ainite was established in the PRC as a limited liability company on June 11, 2004 with a registered capital of RMB1,000,000 by two independent third parties, who held 50% and 50% of the equity interests in Shanghai Ainite, respectively. The registered capital of Shanghai Ainite was increased to RMB2,000,000 and RMB2,320,000 on June 1, 2011 and June 6, 2014, respectively, contributed by the two independent third parties.

Pursuant to an equity transfer agreement dated August 10, 2016, Shengshi Dalian Automobile, a wholly-owned subsidiary of our Company, acquired 100% of the issued share capital of Shanghai Ainite from the two independent third parties at a cash consideration of RMB2,168,841, which was determined with reference to an appraisal report prepared by an independent valuer. As advised by our PRC Legal Advisors, the transfer had been properly and legally settled and completed.

Shanghai Ainite is primarily engaged in insurance agency business. Our Group acquired Shanghai Ainite to expand our sales network and end consumer reach in Shanghai. Upon completion of the aforesaid equity transfer on August 19, 2016, Shanghai Ainite became an indirect wholly-owned subsidiary of our Company.

Previous Intended A Share Listing Application

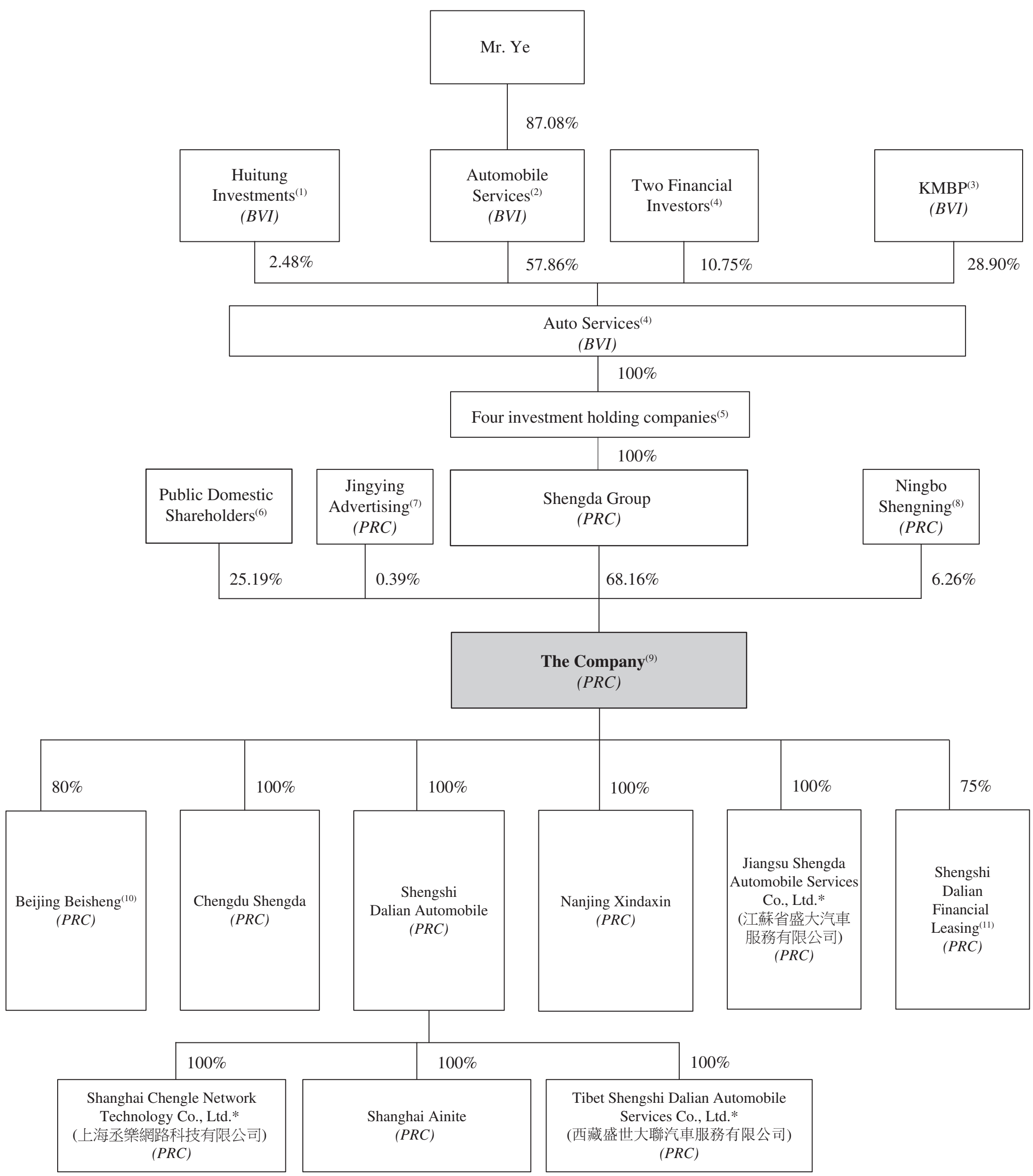
In March 2017, we submitted the filing materials for tutoring in preparation for an intended A share listing application ("**A Share Tutoring**") with the Shanghai Securities Bureau of the CSRC (中國證監會上海監管局), which have been accepted by the Shanghai Securities Bureau of the CSRC. Subsequently in May 2018, we submitted the filing materials to terminate the A Share Tutoring with the Shanghai Securities Bureau of the CSRC due to adjustments to our strategic development and capital deployment plans. Due to the then general understanding of a more prolonged A share vetting process, and with a view of availing ourselves to the benefits of a broader international investor base, we decided to apply for the Listing, which will allow us a direct access to an international capital market and accelerate our fund raising exercise to support our business expansion. As of the Latest Practicable Date, we did not submit any A share listing application with the CSRC. We do not plan to submit any A share listing application within the six months from the date of Listing. Our Directors confirm that, to their best knowledge and belief, there are no matters that need to be brought to the attention of the regulators and investors in relation to the A Share Tutoring. Based on the foregoing confirmation and the interview with the then tutoring institution for the A Share Tutoring, the Joint Sponsors concur that there are no other matters that need to be brought to the attention of the regulators and the investors in relation to the A Share Tutoring.

Reasons for Listing

Our Company is seeking to list our H Shares on the Stock Exchange in order to meet our Company's business development needs, optimize our capital structure, further improve our capital capabilities and comprehensive competitiveness and further promote our strategic developments. Our Directors were also of the view that the Listing will further enhance our business profile and thus our ability to attract new customers, business partners and strategic investors as well as to recruit, motivate and retain key management personnel for our Group's business. For further details, see "Business — Our Strategies" and "Future Plans and Use of Proceeds."

OUR GROUP STRUCTURE

The following chart sets forth our group structure as of January 1, 2017:



Notes:

(1) To the best knowledge and belief of our Directors, Huitung Investments is a company incorporated in the BVI, an independent third party. Huitung Investments is not regarded as a Controlling Shareholder on the basis that it is a passive investor independent of our Controlling Shareholders and of KMBP.

(2) Automobile Services is a company incorporated in the BVI, which was owned as to 87.08% by Mr. Ye and 12.92% by an individual, who is an independent third party and a passive shareholder, as of January 1, 2017.

(3) KMBP is a company incorporated in the BVI, which was owned as to 97.37% by China Harvest Fund II, L.P., a Cayman Islands limited partnership and 2.63% by China Harvest Fund II Co-Investors, L.P., a Cayman Islands limited partnership as of January 1, 2017. KMBP is not regarded as a Controlling Shareholder on the basis that it is a passive financial investor independent of our Controlling Shareholders and of Huitung Investments.

(4) As of January 1, 2017, the two financial investors held 7.17% and 3.58% of the issued share capital of Auto Services, respectively. On June 30, 2017, the two financial investors, being independent third parties, transferred their entire respective interests in Auto Services to YSY Group. The two financial investors are not regarded as Controlling Shareholders on the basis that they are passive financial investors independent of our Controlling Shareholders.

(5) The four investment holding companies are Shanghai Feiyou, Haiyan Trading, Auto Market Group and China Auto. Shanghai Feiyou was held as to 100% by Haiyan Trading, which was in turn held as to 100% by Auto Market Group, which was in turn held as to 100% by China Auto as of January 1, 2017.

(6) As of January 1, 2017, there were 75 public Domestic Shareholders and the largest public Domestic Shareholder held approximately 3.13% of our Domestic Shares.

(7) As of January 1, 2017, Jingying Advertising directly held 500,000 Domestic Shares, representing approximately 0.39% of the issued share capital of our Company. Jingying Advertising was owned as to 99% by Mr. Li and 1% by Ms. Meng Yang, spouse of Mr. Li.

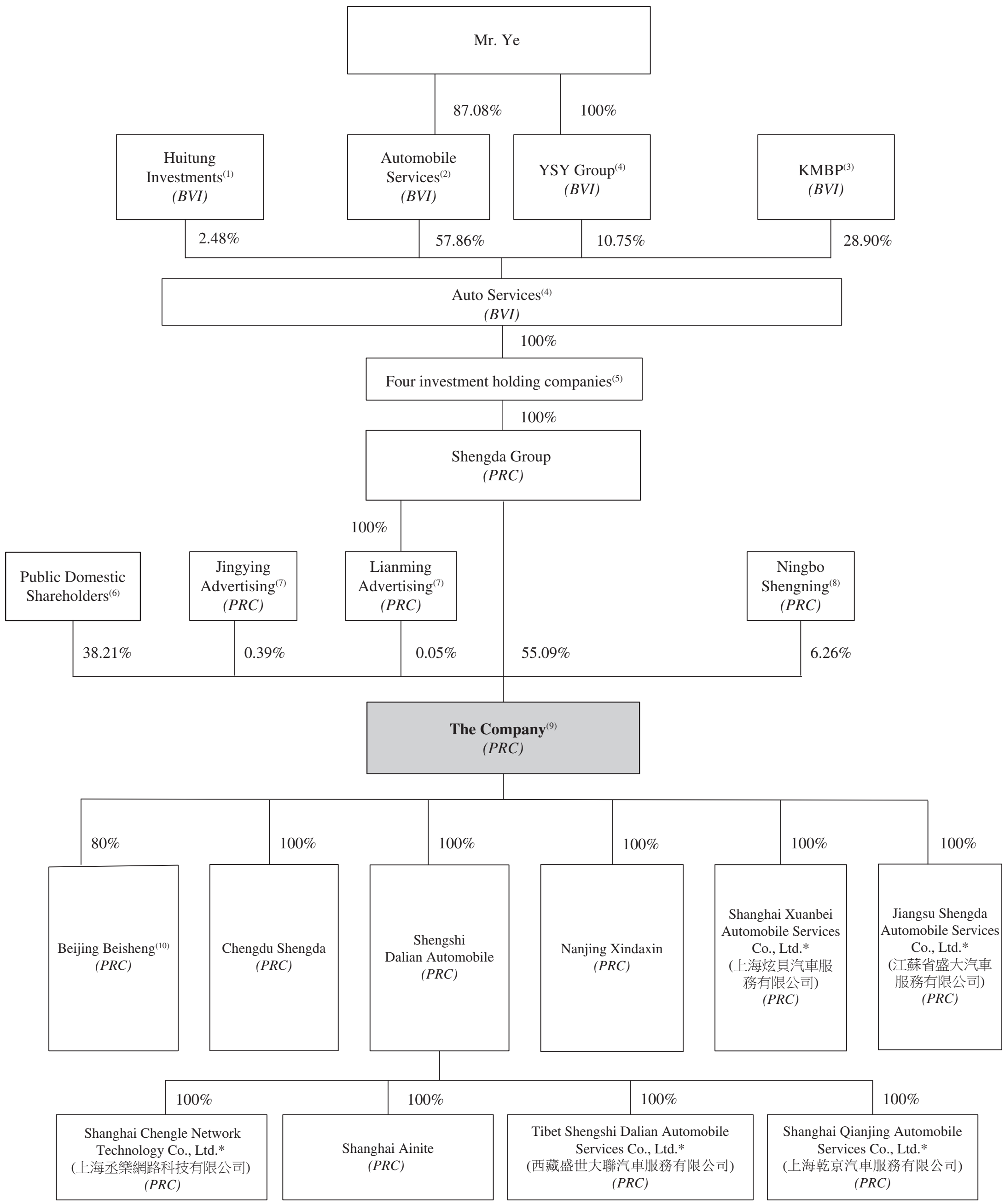
(8) As of January 1, 2017, the limited partners of Ningbo Shengning comprised 13 current and/or former members of management team and employees of our Company, and the general partner of Ningbo Shengning was Shengda Huitong, a wholly-owned subsidiary of Shengda Group, which held 1% of the partnership interest in Ningbo Shengning. As of January 1, 2017, Mr. Lei Zhunfu, the chairman and the general manager of our Company and an executive Director, held approximately 57.99% of the partnership interest in Ningbo Shengning as a limited partner, while none of the other limited partners held more than 10% of the partnership interest in Ningbo Shengning. Of the 14 partners of Ningbo Shengning, eight are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules.

(9) As of January 1, 2017, our Group had a total of 53 branch companies, of which 27, 15, nine, one and one branch companies were established under our Company, Beijing Beisheng, Shengshi Dalian Automobile, Nanjing Xindaxin and Jiangsu Shengda Automobile Services Co., Ltd.* (江蘇省盛大汽車服務有限公司), respectively.

(10) As of January 1, 2017, the remaining 20% of the equity interest of Beijing Beisheng was held by Beijing Media Corporation Limited (北青傳媒股份有限公司), a company listed on the Stock Exchange (stock code: 1000) and an independent third party.

(11) As of January 1, 2017, the remaining 25% of the equity interest of Shengshi Dalian Financial Leasing was held by Auto Market Group. Our Company disposed of the entire equity interest of Shengshi Dalian Financial Leasing held by us to Shengda Group pursuant to an equity transfer agreement dated June 28, 2017 and such transfer was completed in December 2017.

The following chart sets forth our group structure as of the Latest Practicable Date and prior to the Global Offering:



Notes:

(1) To the best knowledge and belief of our Directors, Huitung Investments is a company incorporated in the BVI, an independent third party. Huitung Investments is not regarded as a Controlling Shareholder on the basis that it is a passive investor independent of our Controlling Shareholders and of KMBP.

(2) Automobile Services is a company incorporated in the BVI, which is owned as to 87.08% by Mr. Ye and 12.92% by an individual who is an independent third party and a passive shareholder.

(3) KMBP is a company incorporated in the BVI, which is owned as to 97.37% by China Harvest Fund II, L.P., a Cayman Islands limited partnership and 2.63% by China Harvest Fund II Co-Investors, L.P., a Cayman Islands limited partnership as of the Latest Practicable Date. KMBP is not regarded as a Controlling Shareholder on the basis that it is a passive financial investor independent of our Controlling Shareholders and of Huitung Investments.

(4) On June 30, 2017, two of the four financial investors, being independent third parties, transferred their entire respective interests in Auto Services to YSY Group. The two financial investors are not regarded as Controlling Shareholders on the basis that they are passive financial investors independent of our Controlling Shareholders.

(5) The four investment holding companies are Shanghai Feiyou, Haiyan Trading, Auto Market Group and China Auto. Shanghai Feiyou is held as to 100% by Haiyan Trading, which is in turn held as to 100% by Auto Market Group, which is in turn held as to 100% by China Auto as of the Latest Practicable Date.

(6) As of the Latest Practicable Date, there were 142 public Domestic Shareholders with the largest public Domestic Shareholder holding approximately 3.13% of our Domestic Shares, and none of the Public Domestic Shareholders were our connected persons pursuant to Chapter 14A of the Listing Rules. For details of our top ten Shareholders as of the Latest Practicable Date, see "— Corporate Development of our Company — Major Changes in Our Shareholding Structure and Registered Capital — Our Top Ten Shareholders as of the Latest Practicable Date" above.

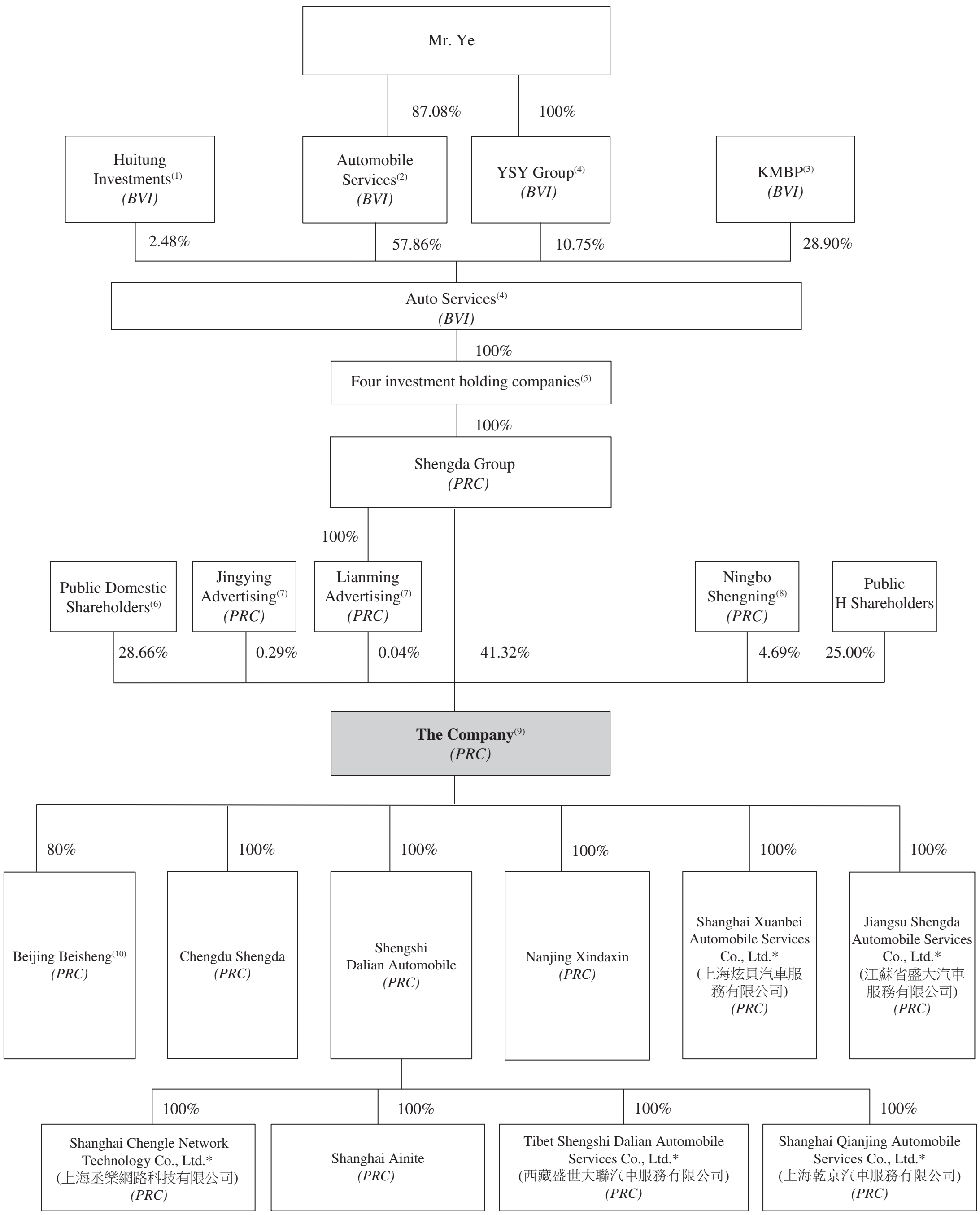
(7) As of the Latest Practicable Date, Lianming Advertising and Jingying Advertising directly held 61,000 and 499,000 Domestic Shares, representing approximately 0.05% and 0.39% of the issued share capital of our Company, respectively. Lianming Advertising is owned as to 99.60% by Shengda Group and 0.40% by Shanghai Baifeng Auto Service Co., Ltd.* (上海百峰汽車服務有限公司), a company wholly owned by Shengda Group. Jingying Advertising is owned as to 99% by Mr. Li and 1% by Ms. Meng Yang, spouse of Mr. Li. On July 4, 2018, Shengda Group, Lianming Advertising, Jingying Advertising and Ningbo Shengning entered into the Concert Party Agreement and are Concert Parties. For further details of the Concert Party Agreement, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(8) As of the Latest Practicable Date, the limited partners of Ningbo Shengning comprised 16 current and/or former members of management team and employees of our Company, and the general partner of Ningbo Shengning was Shengda Huitong, a wholly-owned subsidiary of Shengda Group, which held 1% of the partnership interest in Ningbo Shengning. Mr. Lei Zhunfu, the chairman and the general manager of our Company and an executive Director, held approximately 52.24% of the partnership interest in Ningbo Shengning as a limited partner, while none of the other limited partners held more than 10% of the partnership interest in Ningbo Shengning. Of the 17 partners of Ningbo Shengning, 10 are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules.

(9) As of the Latest Practicable Date, our Group had a total of 68 branch companies, of which 36, 8, 14, nine and one branch companies were established under our Company, Beijing Beisheng, Shengshi Dalian Automobile, Nanjing Xindaxin and Jiangsu Shengda Automobile Services Co., Ltd.* (江蘇省盛大汽車服務有限公司), respectively.

(10) As of the Latest Practicable Date, the remaining 20% of the equity interest of Beijing Beisheng is held by Beijing Media Corporation Limited (北青傳媒股份有限公司), a company listed on the Stock Exchange (stock code: 1000) and an independent third party.

The following chart sets forth our group structure immediately upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised:



Notes:

(1) To the best knowledge and belief of our Directors, Huitung Investments is a company incorporated in the BVI, an independent third party. Huitung Investments is not regarded as a Controlling Shareholders on the basis that it is a passive investor independent of our Controlling Shareholders and of KMBP.

(2) Automobile Services is a company incorporated in the BVI, which is owned as to 87.08% by Mr. Ye and 12.92% by an individual, who is an independent third party and a passive shareholder.

(3) KMBP is a company incorporated in the BVI, which is owned as to 97.37% by China Harvest Fund II, L.P., a Cayman Islands limited partnership and 2.63% by China Harvest Fund II Co-Investors, L.P., a Cayman Islands Limited Partnership as of the Latest Practicable Date. KMBP is not regarded as a Controlling Shareholder on the basis that it is a passive financial investor independent of our Controlling Shareholders and of Huitung Investments.

(4) On June 30, 2017, two of the four financial investors, being independent third parties, transferred their entire respective interests in Auto Services to YSY Group. The two financial investors are not regarded as Controlling Shareholders on the basis that they are passive financial investors independent of our Controlling Shareholders.

(5) The four investment holding companies are Shanghai Feiyou, Haiyan Trading, Auto Market Group and China Auto. Shanghai Feiyou is held as to 100% by Haiyan Trading, which is in turn held as to 100% by Auto Market Group, which is in turn held as to 100% by China Auto as of the Latest Practicable Date.

(6) As of the Latest Practicable Date, there were 142 public Domestic Shareholders with the largest public Domestic Shareholder holding approximately 3.13% of our Domestic Shares, and none of the Public Domestic Shareholders were our connected persons pursuant to Chapter 14A of the Listing Rules. For details of our top ten Shareholders as of the Latest Practicable Date, see "— Corporate Development of our Company — Major Changes in Our Shareholding Structure and Registered Capital — Our Top Ten Shareholders as of the Latest Practicable Date" above.

(7) As of the Latest Practicable Date, Lianming Advertising and Jingying Advertising directly held 61,000 and 499,000 Domestic Shares, representing approximately 0.05% and 0.39% of the issued share capital of our Company, respectively. Lianming Advertising is owned as to 99.60% by Shengda Group and 0.40% by Shanghai Baifeng Auto Service Co., Ltd.* (上海百峰汽車服務有限公司), a company wholly owned by Shengda Group. Jingying Advertising is owned as to 99% by Mr. Li and 1% by Ms. Meng Yang, spouse of Mr. Li. On July 4, 2018, Shengda Group, Lianming Advertising, Jingying Advertising and Ningbo Shengning entered into the Concert Party Agreement and are Concert Parties. For further details of the Concert Party Agreement, see "Relationship with Controlling Shareholders and Connected Transactions."

(8) As of the Latest Practicable Date, the limited partners of Ningbo Shengning comprised 16 current and/or former members of management team and employees of our Company, and the general partner of Ningbo Shengning was Shengda Huitong, a wholly-owned subsidiary of Shengda Group, which held 1% of the partnership interest in Ningbo Shengning. Mr. Lei Zhunfu, the chairman and the general manager of our Company and an executive Director, held approximately 52.24% of the partnership interest in Ningbo Shengning as a limited partner, while none of the other limited partners held more than 10% of the partnership interest in Ningbo Shengning. Of the 17 partners of Ningbo Shengning, 10 are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules.

(9) As of the Latest Practicable Date, our Group had a total of 68 branch companies, of which 36, 8, 14, nine and one branch companies were established under our Company, Beijing Beisheng, Shengshi Dalian Automobile, Nanjing Xindaxin and Jiangsu Shengda Automobile Services Co., Ltd.* (江蘇省盛大汽車服務有限公司), respectively.

(10) As of the Latest Practicable Date, the remaining 20% of the equity interest of Beijing Beisheng is held by Beijing Media Corporation Limited (北青傳媒股份有限公司), a company listed on the Stock Exchange (stock code: 1000) and an independent third party.

OVERVIEW

We are a leading professional automobile insurance agency and B2B integrated automobile after-sales service provider in China. We ranked first among both (i) professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, and (ii) B2B integrated automobile after-sales service providers in China in terms of sales revenue in 2017, according to the Frost & Sullivan Report. Capitalizing on our leading market position in the professional automobile insurance agency and the B2B integrated automobile after-sales service markets, we aspire to become the leading one-stop service platform for car owners in China.

Since our inception in 2007, we have amassed ample experience in the automobile after-sales service industry and experience in perceiving and serving the expanding needs of automobile owners. Riding on the increasing prevalence of mobile Internet which brings customer traffic to traditional brick-and-mortar stores for automobile services, we introduced our insurance app and butler apps in 2014 and 2015, respectively, which greatly facilitate and popularize our services under the insurance agency business and the automobile butler services business. Since then, our business has displayed remarkable trajectory of growth.

We operate our insurance agency business and automobile butler services business primarily through a "Business to Business to Consumer," or B2B2C, model. For our insurance agency business, we primarily offer automobile insurance products underwritten by major insurance companies in China to insurance purchasers and generate revenue by receiving commissions from these insurance companies, typically based on a percentage of the premium paid by insurance purchasers. For 2015, 2016, 2017 and the nine months ended September 30, 2018, we sold more than 260,000, 480,000, 730,000 and 1,200,000 insurance policies with an aggregate premium of approximately RMB0.8 billion, RMB1.3 billion, RMB2.2 billion and RMB2.7 billion, and achieved revenue of RMB153.7 million, RMB306.2 million, RMB607.8 million and RMB776.0 million from our insurance agency business in 2015, 2016, 2017 and the nine months ended September 30, 2018, representing 64.4%, 67.8%, 74.4% and 74.7% of our total revenue from our continuing operations, respectively. We sell insurance policies primarily through a network of external referral sources, which comprised more than 18,000 referral service providers, more than 2,000 external registered sales representatives and 57 strategic channel partners as of September 30, 2018, as well as through our in-house sales force. As of September 30, 2018, we had branch coverage in 27 cities in 20 provinces, autonomous regions and municipalities in China (of which four have yet to have business contributions) and had established collaborative relationships with 59 insurance companies and approximately 320 of their branches in China.

We operate our automobile butler services business through offering customized automobile butler service packages to our butler partner customers, which are primarily major banks and insurance companies purchasing these service packages for enjoyment by members of their reward programs or customer loyalty programs, and generate revenue by receiving service fees from our butler partner customers. The automobile butler service packages we offer typically include car wash and beauty, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistance and breakdown services, which are provided in collaboration with our butler service providers (typically third-party automobile after-sales service providers). We generated revenue of RMB85.1 million, RMB145.5 million, RMB209.0 million and 263.3 million from our automobile butler services business in 2015, 2016, 2017 and the nine months ended September 30, 2018, representing 35.6%, 32.2%, 25.6% and 25.3% of our total revenue from our continuing operations for the same periods. As of September 30, 2018, we had established a service network of more than 18,000 brick-and-mortar butler service providers that spreaded over more than 2,000 districts and counties in more than 300 cities in 31 provinces, autonomous regions and municipalities in China. In addition, we collaborated with 115 car services, leasing and roadside assistance companies as of September 30, 2018. Our extensive service network enabled us to serve more than 200 institutional customers in terms of contract counterparties as of the same date.

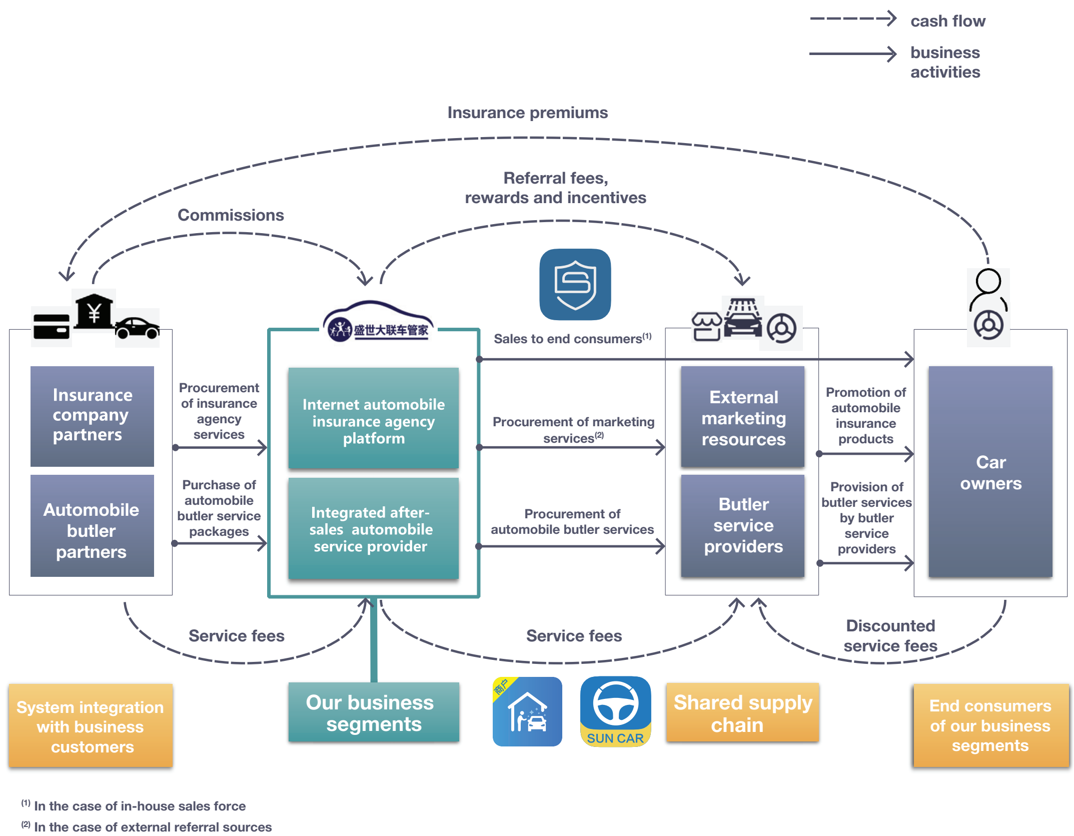
We have a strong research and development team and continuously invest in technology. Leveraging our proprietary technologies, we have established Internet and mobile app-based service platforms to empower the operations of both of our business segments. For our insurance agency business, we have established an online automobile insurance data interaction system embedded in our insurance desktop and mobile apps, which provide real-time quotes of various automobile insurance products from different insurance companies. For our automobile butler services business, we have developed our proprietary butler apps and the automobile butler service modules imbedded in various mobile apps of our butler partners, which enables encrypted real-time data interaction among our butler partners, our butler service providers and us. The customers of our butler partners can redeem rewards or claim loyalty benefits online through their mobile devices, and enjoy a variety of automobile after-sale services offline, thereby realizing a seamless online-to-offline service process.

During the Track Record Period, both of our business segments experienced strong growth. Our revenue grew from RMB238.8 million in 2015 to RMB451.7 million in 2016 and further to RMB816.8 million in 2017, representing a CAGR of 84.9% from 2015 to 2017. Our net profit grew from RMB29.1 million in 2015 to RMB47.6 million in 2016 and further to RMB77.7 million in 2017, representing a CAGR of 63.4% from 2015 to 2017. For the nine months ended September 30, 2018, we generated revenue of RMB1,039.3 million and net profit of RMB82.1 million, representing a 115.2% and 122.9% increase, respectively, compared to that for the same period in 2017.

We believe that, by leveraging our leading market position, strong technology capabilities, extensive automobile after-sales service network, stable and quality customers, capabilities to build comprehensive automobile after-sales service platforms and visionary and experienced management team, we will continue to successfully grasp the developing opportunities in the insurance agency market and integrated automobile after-sales service market, achieve sustainable business developments and profit growth, and ultimate achieve competitive returns for our shareholders and investors.

OUR BUSINESS MODEL AND BUSINESS SEGMENTS

The diagram below demonstrates the business model of our insurance agency business and automobile butler services business:



We are principally engaged in the insurance agency business and the automobile butler services business. We operate both of our business lines primarily through a B2B2C model.

In a typical transaction of our insurance agency business, our insurance company partners, as our customers, procure insurance agency services from us and pay us commissions, typically based on a percentage of the premium paid by insurance purchasers. We primarily engage external referral sources, which comprised referral service providers, external registered sales representatives and strategic channel partners, to promote our services and insurance products we carry, refer potential insurance policy purchasers to us and facilitate in the transaction process, and we pay referral fees, performance rewards and incentives to them. To a less extent, we use our in-house sales force to sell insurance to car owners directly. We have developed the insurance app to optimize the transaction process. See "— Insurance Agency Business — Transaction Process and Our Insurance App."

In a typical transaction of our automobile butler services business, our butler partners (predominantly major commercial banks and insurance companies), as our customers, purchase automobile butler service packages from us for the enjoyment by their customers under their reward programs or customer loyalty programs. The services included in the packages are usually car wash and beauty services, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistance and breakdown services. We procure these automobile butler services from various butler service providers, such as automobile body shops and safety checkup stations, and pay service fees to them. We have developed the butler apps and the automobile butler service modules imbedded in various mobile apps of our butler partners to create a seamless online-to-offline service process. See "— Automobile Butler Services Business — Online-to-Offline Service Process."

The following table sets forth the revenue contribution by our insurance agency business and automobile butler services business, both in absolute amounts and as a percentage of our total revenue from continuing operations for the periods presented:

	Year ended December 31,						Nine months ended September 30,	
	2015		2016		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)							
Revenue from continuing operations:								
Insurance agency business	153,723	64.4	306,192	67.8	607,824	74.4	775,970	74.7
Automobile butler services business	85,076	35.6	145,519	32.2	208,985	25.6	263,318	25.3
Total	**238,799**	**100.0**	**451,711**	**100.0**	**816,809**	**100.0**	**1,039,288**	**100.0**

Synergies Achieved through Integration of Our Business Segments

Our strong capability in managing extensive networks of automobile after-sales service providers across China, which constitute a significant part of our insurance marketing network and our automobile butler service network, enabled us to expand both of our business segments. Automobile after-sales service providers such as car wash and beauty stores may act both as our referral service providers for our insurance agency business and as our butler service providers for our butler services business, allowing us to realize synergies by sharing the supply chain between both business segments and achieve rapid growth as follows.

- *Expansion of our insurance agency business at a relatively low cost by cross-engaging our butler service providers as referral service providers.* We realize synergies through our supply chain which is partially shared between our insurance agency business and automobile butler services business, as evidenced by more than 2,800 shared registered users of our insurance app and Shengda Merchant app, one of our butler apps, as of September 30, 2018. As the geographic coverage of our automobile butler services business is broader than our insurance agency business, we believe that it will be more cost-efficient to leverage our existing network of butler service providers as we expand our insurance agency business to new cities. Our highly scalable business model and our established network of butler service providers allow us to expand the marketing network of our insurance agency business rapidly.

- *Promotion of our automobile butler services by cross-selling to our insurance company partners.* Insurance companies strive to promote their automobile insurance products and enhance stickiness of their policyholders by providing automobile after-sales services in view of fierce market competition and stringent regulations. We have established stable and mutually beneficial collaboration with many major insurance companies, which gives us an advantageous opening for cross-selling increases their tendency to purchase our butler services.

- *Promotion of the stickiness of our butler service providers by providing them with customer acquisition and dual-revenue opportunities*. Our automobile butler services drive end consumers of our butler partners to visit the stores of our butler service providers and thereby generate additional consumer flow to our butler service providers. This allows our automobile butler service providers an opportunity to expand their customer base and ultimately convert these end consumers into their regular consumers without incurring any additional expense while generating butler service fees. For butler service providers which are also acting as our referral service providers for our insurance agency business, they may also refer end consumers who are potential insurance purchasers to us and receive referral fees and other rewards and incentives upon successful conclusion of insurance policy sales. This allows us to increase the stickiness of our butler service providers and build a mutually beneficial auto use ecosystem.

OUR VALUE PROPOSITIONS

We provide unique values for participants in the insurance agency and the automobile butler services business chains, and strive to promote sustainable and healthy development of an integrated automobile after-sales service market.

Value proposition for our insurance company partners:

- *Extensive network to promote insurance policies with cost efficiency*. We leverage our proprietary technologies and extensive service network to promote the sales of automobile insurance products of our insurance company partners. Through our nationwide marketing network and the use of our insurance app, we promote automobile insurance products conveniently to end consumers alongside various high-frequency activities of automobile owners, such as car washing and maintenance activities. Insurance companies may leverage our marketing network to promote their products with cost efficiency rather than having to build a marketing network of their own.

- *Increased operating efficiency with lower rate of claim payments*. We aim for performance targets of our insurance company partners with which we have entered into strategic relationships when promoting their insurance products, such as the rate of claim payments. We focus on risk management and strive to refer quality insurance purchasers to insurance company partners, reduce their rate of claim payments and increase their operating efficiency.

- *Reduced claim payments by insurance companies by controlling expenses of car repair*. Certain of our butler service providers also operate automobile repair business, and we believe butler service providers with a proven track record and good collaboration relationship with us are generally capable of providing quality automobile repair services at more reasonable prices. In case of accident of automobiles insured by our insurance company partners, we recommend these quality butler service providers to the insurance policyholders, aiming to control the cost of automobile repairs and reduce the claim payments by our insurance company partners.

Value proposition for our butler partners:

- *Simple, convenient and cost-efficient service process.* We have established an extensive network of quality automobile after-sales service providers and set up stringent service standards to ensure the consistency of service quality. Our automobile butler service packages allow our butler partners to purchase comprehensive integrated automobile butler services in one stop, thereby avoiding the inconvenience of selecting, engaging and supervising massive, scattered and independent automobile service providers on their own.

- *Quality automobile butler services to end consumers to increase stickiness and satisfaction with our butler partners.* We select quality automobile butler service providers and provide regular trainings and supervision. The quality services provided by our automobile butler service providers enhances the stickiness and satisfaction of the end consumers with our butler partners.

Value proposition for marketing network of our insurance agency business:

- *Opportunity on referral fees.* Our strategic channel partners, external registered sales representatives and referral service providers earn referral fees for successful referral of insurance purchasers to purchase insurance products through our insurance agency services.

- *Enhanced consumer stickiness and satisfaction*. Our strategic channel partners and referral services providers deepen their relationships with end consumers by recommending automobile insurance products through the use of our insurance app. For our strategic channel partners such as Guazi.com, Souche.com and Chexiang, we recommend and customize insurance products and provide assistance in claim and damage assessment to their consumers.

Value proposition for butler service providers:

- *Customer acquisition opportunities*. Our automobile butler services drive end consumers of our butler partners to visit the stores of our butler service providers and thereby generate additional consumer flow to our butler service providers. This allows our automobile butler service providers an opportunity to expand their customer base and ultimately convert these end consumers to their long-term regular consumers without incurring any expenses while generating additional butler service fees.

- *Additional business opportunities*. We recommend certain butler service providers with proven track record and good collaborative relationship with us to our insurance policyholders, which bring our butler service providers additional business opportunities.

Value proposition for end consumers of our insurance agency business:

- *Convenient one-stop "supermarket-style" shopping experience*. End consumers could obtain accurate real-time information of various automobile insurance products and shop for insurance products conveniently while visiting car wash and beauty stores, maintenance facilities and 4S dealership stores.

- *Complementary claims assistance and other services*. We, in collaboration with our insurance company partners and external referral sources, provide comprehensive services to end consumers including claims assistance and damage assessment assistance for their convenience.

Value proposition for end consumers of our automobile butler services business:

- *Automobile after-sales services for free or at discounted prices*. Our butler services enable end consumers to receive various quality automobile after-sales services for free or at discounted prices as members of the reward programs or customer loyalty programs of our butler partners. End consumers may have the opportunity to redeem the reward points they accumulate easily in their daily life for quality automobile butler services.

- *Convenient and flexible service experiences*. We offer a variety of butler services through an extensive network of butler service providers, which allows end consumers to choose butler services that suit their needs at the location convenient to them and access various butler services.

OUR STRENGTHS

Leading Market Position

We are a leading automobile insurance agency in China. We ranked first among professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, representing a market share of 2.1%, according to the Frost & Sullivan Report. We provide comprehensive one-stop services to end consumers including obtaining accurate real-time premium quotes, generating underwriting decisions and issuing insurance policies efficiently and conveniently. Leveraging our proprietary technologies, we have established an automobile insurance data system embedded in our insurance desktop and mobile app, which enables our in-house sales force and our external registered sales representatives, strategic channel partners and referral service providers to promote the sales of insurance products we carry. With a highly scalable B2B2C platform business model, we have been able to grow our business and reinforce our strengths through network effects. During the Track Record Period, our insurance agency business expanded significantly. From 2015 to 2017, the aggregate insurance premium facilitated by us grew at a CAGR of 61.8%, which resulted in a growth of our revenue from the insurance agency segment at a CAGR of 98.8%. In addition, in view of tightening of regulations on insurance intermediary licenses and automobile insurance premiums since 2017, it has become increasingly difficult for insurance agencies with no license or of smaller scale to compete with major ones with nationwide insurance agency license and of larger scale like us. We expect the insurance agency market will continue to progress towards an increasingly orderly operation, which will be favorable to us as we believe that we are more well-established and compliant than those smaller ones.

We are an early adopter of the B2B2C model in providing integrated automobile after-sales services in China. According to the Frost & Sullivan Report, we are among the first few companies in China that adopted the B2B2C model in providing integrated automobile after-sales services. We ranked first among B2B integrated automobile after-sales service providers in China in 2017, representing a market share of 5.4%, according to the Frost & Sullivan Report. Our capabilities to select and manage automobile after-sales service providers are highly recognized among our butler partners which are predominantly major banks and insurance companies with which we have established stable collaboration. From 2015 to 2017, our revenue from the automobile butler services business grew at a CAGR of 56.7%.

Strong Technology Capabilities

We have a strong research and development team and continuously invest in technologies. Leveraging our proprietary technologies, we have established Internet and mobile app-based service platforms to empower operations of both of our business segments.

In the insurance agency segment, our insurance app and Cheyibao camera allow our external referral sources to obtain the insurance validity status of an automobile by either scanning the license plate of the automobile for which insurance is being purchased or manually fill in the plate number. Potential purchasers can obtain real-time insurance premium quotes, submit insurance applications and receive initial underwriting decisions from the insurance app, which automatically interacts with the systems of the insurance companies that we collaborate with. Our insurance app is easy to install and use, even for mechanics and cashiers of car maintenance facilities with no or limited prior knowledge or experience in insurance promotion, which enables us to engage massive external referral sources and expand our insurance marketing network rapidly.

Leveraging our strong technology capabilities, we customize relevant built-in automobile butler service modules in the mobile apps of our automobile butler partners, which allow end consumers to access our services conveniently. Our proprietary technologies enable secure encrypted real-time data interaction among our butler partners, butler service providers and us to facilitate timely service and accurate operational assessment.

Extensive Automobile After-Sales Service Network

Our strong capabilities of managing extensive networks of automobile after-sales service providers enabled us to expand the business of both our business segments. Our collaboration with service providers within our automobile after-sales service network plays a pivotal role to our success.

We sell insurance products through a comprehensive and integrated omni-channel interactive marketing network, comprising (i) external referral sources, including over 18,000 referral service providers, over 2,000 external registered sales representatives and 57 strategic channel partners and (ii) 26 in-house sales representatives as of September 30, 2018. As of December 31, 2015, 2016 and 2017 and September 30, 2018, we had over 4,000, 7,000, 14,000 and 21,000 registered users of our insurance app among our marketing network, who use our insurance app to facilitate the marketing of our services and insurance products we carry. Our registered users utilized our insurance app frequently and assisted end consumers to obtain over 699,000, 2,201,000, 4,049,000 and 9,044,000 insurance premium quotes through our insurance app in 2015, 2016 and 2017 and the nine months ended September 30, 2018. Our external referral sources, especially those in the automobile after-sales service industry, have easy day-to-day access to our potential end consumers by providing services such as car wash and beauty and thereby gaining their confidence. They can also accurately identify car owners interested in purchasing insurance policies and initiate targeted sales efforts. We realize synergies through our supply chain which is partially shared between our insurance agency business and automobile butler services business, as evidenced by more than 2,800 shared registered users of our insurance app and Shengda Merchant app, one of our butler apps, as of September 30, 2018.

In addition, we provide automobile butler services through a network of automobile after-sales service providers. We believe the geographic coverage, scope and quality of the services provided by our butler service providers are crucial to the continuous growth of our automobile butler business. With an established network, our business is readily scalable to serve more butler partners. As of December 31, 2015, 2016 and 2017 and September 30, 2018, we had over 3,000, 8,000, 14,000 and 18,000 butler service providers who were registered users of our Shengda Merchant app. As of September 30, 2018, we had established a service network of more than 18,000 brick-and-mortar butler service providers that spreaded over more than 2,000 districts and counties in more than 300 cities in 31 provinces, autonomous regions and municipalities in China. In addition, we collaborated with 115 car services, leasing and roadside assistance companies as of September 30, 2018. Our extensive service network enabled us to serve more than 200 institutional customers in terms of contract counterparties as of the same date. We implement stringent standards to supervise and manage our butler service providers. To ensure consistent service quality, we have entered into collaboration with major car services chains including Chexiang, Cars One, Beijing Aiyihang Automotive Service Co., Ltd. and Suzhou Mingjun Baisheng Automotive Maintenance Service Co., Ltd.

Stable and Quality Customers

Under the B2B2C business model, we collaborate with major institutional customers including insurance companies and banks and generate revenue from such collaboration to ensure stable and sustainable growth of our businesses. Our ability to establish and maintain stable collaboration relationship with quality customers is crucial to our success.

As of September 30, 2018, we had established business relationships with 59 insurance companies. Among these, we had entered into strategic collaboration agreements with 17 insurance companies at the headquarters level including Ping An P&C, CPIC P&C and TPI. Our branches had established business relationships with approximately 320 branches of insurance companies. These strategic collaborations allow us to obtain more comprehensive support from our insurance company partners in terms of technology systems, business operation and claims support and secure more favorable premium terms, which has greatly enhanced our market presence.

As of September 30, 2018, we collaborated with more than 200 butler partners in terms of contract counterparties. During the Track Record Period, we provided automobile butler services to 25 banks at their headquarters level, such as BOC, China Merchants Bank, China Construction Bank, Agricultural Bank of China, Bank of Communications, China Guangfa Bank and Bank of Shanghai, and 261 of their branches. We also collaborated with 48 insurance companies such as PICC P&C, Ping An P&C, CPIC P&C and TPI, as well as other institutions such as Shenzhen Airlines Co. Ltd., China Mobile, and China UnionPay during the Track Record Period. Our abilities to provide quality automobile butler services and secure real-time data interaction have been widely recognized by our butler partners, as evidenced by our stable collaboration with them.

Capabilities to Build Comprehensive Automobile After-Sales Service Platforms

We have built comprehensive automobile after-sales service platforms enabling seamless interaction among our end consumers, automobile after-sales service providers and other external referral sources, insurance companies, banks and other business partners. Our business platforms provide unique values to their participants, enhance their experiences and thereby encourage them to further their participation. Our end consumer-oriented service platforms provide end consumers with convenient access to various insurance products and quality automobile butler services. We introduce end consumers to our automobile after-sales service providers and provide them with opportunities to earn insurance referral fees and butler service fees. We sell insurance policies underwritten by our insurance company partners and strive to lower the rate and amount of claim payments for them. Furthermore, we customize automobile butler service packages for our butler partners to enhance their consumer stickiness and satisfaction. As such, with a highly scalable B2B2C business model, we have been able to grow our platforms and reinforce our strengths through network effects.

We believe that, if end consumers and other value chain participants are satisfied with their experience on our platforms, they will be more willing to use our platforms and bring more value to other participants. To this end, we have been integrating resources in the insurance agency market and the automobile after-sales service market and expanding our platforms to provide end consumers with more diversified, differentiated and personalized products and services with the goal of building a mutually beneficial auto ecosystem.

Visionary and Experienced Management Team

Our success has been, and will continue to be, dependent on our professional and experienced management team which has in-depth understanding of the auto use industry in China. Our visionary founder and senior management team have been working together for more than ten years. Mr. Ye Zaichang, our founder, executive Director and a Controlling Shareholder, is an influential industry leader with more than 20 years of entrepreneurial experience and more than 11 years of experience in the auto use market. Mr. Ye is one of the pioneers in the auto use industry and has grown our business into industry leaders in the automobile insurance and integrated automobile after-sales service markets.

Members of our senior management team possess a unique combination of business, finance and technology backgrounds. Mr. Lei Zhunfu, our chairman, executive Director and general manager, has approximately 20 years of experience in corporate and business management and more than 11 years of experience in software development. Mr. Du Bohong, our executive Director responsible for our daily operations, also has more than 20 years of management experience. Ms. Gu Saiye, our vice general manager responsible for overall operations of our insurance agency business, has approximately 14 years of experience in corporate and business management and extensive experience in the insurance industry. Mr. Songlin Luo, our executive Director responsible for overall operations of our automobile butler services business, has approximately 13 years of experience in business management. We have cultivated a cohesive corporate culture that encourages innovation and promotes rigorous operations, which helps us attract, retain and motivate talents to drive our growth.

OUR STRATEGIES

We strive to reshape the value chains of the automobile after-sales service market with the Internet and provide one-stop solutions for automobile insurance purchase and automobile after-sales services. To achieve our goals, we have formulated a five-year development plan with the following strategies, and plan to fund our development plan by the net proceeds from the Global Offering and, as needed, our internal resources. The budgeted expenditure for the implementation of our strategies are currently planned to be utilized mostly with a three to five year time frame with reference to our five-year development plan. As we had not conducted any equity fund raising since July 2016 and has been relying on our business profits and bank borrowings to fund our business growth and IT infrastructure developments, our relatively tight operating cash flows have been a major constraint to pursuit a more progressive expansion and business growth or venture into emerging and promising business areas (such as B2C butler services), let alone conducting advertising and marketing activities of significant scale. It is with such genuine business development and funding needs that prompted us to proceed with the Listing to expand our capital base and obtain equity funding to carry out our expansion plan and business strategies and pursue continuous growth. In this connection, we have currently allocated, from the net proceeds of the Global Offering (on the basis of the mid-point of the Offer Price range and no exercise of the Over-allotment Option), among other things, (i) an aggregate funding of RMB197.0 million for advertising, marketing and brand promotion for our Group's different planned expansions, and (ii) an aggregate funding of RMB107.6 million for our human resources and training capacity expansion, including RMB66.6 million to support our overall planned expansion of our B2B2C automobile butler services headcount by around 900 (representing approximately 128% of our existing total headcounts) and enhancement of our training capacity for our automobile butler network and human resources, and RMB41.0 million to facilitate our planned enhancement of the training capacity of our insurance agency business towards our expanded pool of external referral sources. See also "Future Plans and Use of Proceeds."

We acknowledge that our development plan involved significant amount of expenditure in human resources expansion and marketing and promotion which are both expenses in nature and may result in a downward pressure on our profit margin. We endeavor to take a prudent approach as we implement our strategies, and will continuously monitor our business growth and our pace of expenditure deployment and strive to achieve revenue and net profit growth while limiting the downward pressure on our profit margin.

Unless otherwise stated, the net proceeds allocated towards different usages included in our various strategies presented below are arrived at based on the mid-point of the Offer Price range and assuming no exercise of the Over-allotment Option, and are subject to proportional upward and/or downward adjustments depending on the final Offer Price and any exercise of the Over-allotment Option. For further details see "Future Plans and Use of Proceeds".

Build a Mutually Beneficial Integrated Auto Use Ecosystem

We believe we have demonstrated our ability and success in integrating resources in the automobile insurance market and automobile after-sales services market through our proprietary Internet and mobile app-based service platforms, creating an ecosystem for auto use end-consumers and bringing values and synergies for business-end participants. We believe China's auto use services industry will remain a striving industry and going forward, we plan to continue expending efforts towards developing a more comprehensive auto use ecosystem that integrates a wider variety of automobile after-sales services and/or service providers, where more values and synergies may be created for the benefit of all participants including our Group.

To this end, we plan to continue to customize automobile butler service packages for our butler partners, and to expand our automobile butler services business by bringing in a wider variety of butler service providers to offer a more diversified portfolio of butler services on the one hand, and expanding our market presence by continuously broadening and deepening the geographical coverage of our automobile butler services on the other hand. We believe that a further diversified portfolio of service offerings will enrich our butler service user base and promote the development of a more all-inclusive and integrated auto use ecosystem, which in turn would enhance our brand recognition and market presence and fuel our business growth.

Availing ourselves of such enriching butler service offerings and expanding butler service provider network, we also plan on further promoting the integration of our insurance agency services into our auto use ecosystem by continuing to bring in suitable butler service providers into our network of external referral sources for our insurance agency business. Since our automobile butler services already have a broader geographical coverage, its network of offline, brick-and-mortar butler service providers are particularly advantageous as our insurance agency business ventures into these new markets, providing us with readily mobilizable external referral network to support our market penetration. We will also continue to deepen the cooperation with insurance companies in the field of insurance claims services, and may consider expanding our insurance product offerings to include other non-automobile insurance products should we see sufficient demand from our end-consumer reach.

Explore the B2C Business Model and Promote Brand Recognition

We plan to explore the B2C business model by collaborating with third party Internet platforms, such as mobile map apps, where we can efficiently reach out to and acquire end consumers leveraging the user traffic of these internet platforms, and provide an online-to-offline service experience directly for these end consumers. In this connection, we entered into a collaboration agreement with Baidu in January 2018, pursuant to which Baidu Maps users may enjoy discounted car wash services in selected car wash stores under our butler service providers network. Under this collaborative arrangement, Baidu Maps users can acquire from us, at discounted prices, electronic vouchers for car wash services at selected car wash stores under our butler service providers network by redeeming discount coupons dispatched by Baidu through the Baidu Maps. The collaboration agreement provides that Baidu Maps will have the discretion on the frequency of coupon distribution and the discounts offered from time to time, while we will be reimbursed for such difference if the discounts offered exceed a certain pre-agreed benchmark. Besides, Baidu Maps will be entitled to a certain percentage of the discounted car wash fees we received as technology service fees. Under the collaboration agreement, we are also responsible for designing HTML5 webpages which will be imbedded in the Baidu Maps, and our system will automatically tracks the whole transaction process. We have principally completed the development of the relevant HTML5 webpages and have enabled the embeddedness of these webpages into Baidu Maps' interface to allow users of Baidu Maps to complete the transaction within Baidu Maps. We pilot-launched this service in Hubei Province in January 2019 and is currently targeting to achieve nationwide roll-out in 2019. The collaboration with Baidu Maps has been primarily supported by our existing research and development team and internal resources, and we currently intend to continue to rely on our existing internal resources to complete this project.

Aside from Baidu, we will continue to explore collaboration opportunities with other popular and/or high-traffic Internet platforms and utilize API or HTML5 webpage interface to direct end consumer traffic from their platforms for our automobile butler service offerings. We believe the technical foundation we have accumulated and the gradual development of a viable business model through the collaboration with Baidu would facilitate and expedite our pursuit with establishing collaborations with other third party platforms without incurring substantial capital investments and as such, we currently plan to utilise our existing research and development team and internal resources to further this business pursuit.

Leveraging our proprietary technologies and the demonstrated operating track record of our butler services modules which are imbedded in our butler partners' mobile apps for directly receiving end consumers' butler service orders, we are at an initial stage of planning and development of our own online butler service mall and B2C butler service app for end consumers, utilising our existing research and development team and internal resources. We intend to develop our butler service mall ultimately into an online marketplace for end consumers to shop and subscribe for a variety of automobile after-sales services, backed by our established network of offline butler service providers. Our B2C butler service app will share principally the same functionalities as our butler service mall but in the form of a mobile app for downloading/installation by end consumers using mobile devices. We are currently allocating RMB117.2 million out of our net proceeds from the Global Offering towards the substantive development and launch of our butler service mall and B2C butler service app, including RMB76.4 million for expansion of our IT and research and development manpower, RMB22.9 million for investments in hardware, system infrastructure, operating platforms, apps and softwares, and RMB17.8 million for development of a fully operational workforce including business management as well as other operational and functional teams. It is our present intention to develop an overall headcount of around 100 for our new B2C business venture, to be comprised mainly of research and development and IT talents of around 75 in total, and other business management, business development as well as other operational headcounts of about 25 in total. We currently plan to commence substantive development work after our Listing with an initial five-year time frame to achieve full launch and business operation of our butler service mall and B2C butler service app. We have also allocated

RMB45.6 million of our net proceeds from the Global Offering for marketing and promotion of our new B2C butler service offerings in tandem with our business launch and development progress, which may include, among other means, public relations activities and marketing functions, mobile media marketing as well as social media and KOL (key-opinion-leaders) marketing. Aside from the offering of our existing automobile butler services, we also plan to explore and develop products and services, such as car parking, gas refueling, drivers' license examinations and traffic offense enquiry, for direct offering to end consumers. We are initially aiming for an investment payback period of around five years for our investments in our B2C business.

All in all, we consider expanding our automobile butler services business to directly servicing end consumers to be a natural extension and reasonable progression of our current B2B2C model, which has become increasingly mature backed by a sizeable brick-and-mortar butler service providers network. We also believe a B2C business model with direct marketing of our brand and services to end consumers can significantly increase our brand visibility and promote our business profile, which in turn will enhance our ability to attract institutional customers to subscribe for our automobile butler services under our B2B2C model.

We believe that while the fee margin of our new 2C business may be lower than those we have with our butler partners under our existing B2B2C business, the running costs for our B2C business are expected to be less compared to our existing B2B2C business, in the absence of costs and expenses associated with sales and marketing, relationship maintenance, coordination and system integration with our B2B2C customers which are primarily sizeable financial institutions. On such basis, while there will be additional expenses such as amortization and staff costs for our B2C business venture, looking forward to the next five years, we believe that as we ramp up our B2C business volume, it would not have a material adverse impact on our overall profit margin and we expect our net profit, in monetary terms, would be positively impacted. It is also expected that with direct sales towards end consumers which are expected to be primarily cash-on-delivery basis, our new B2C business would contribute positively to our receivables turnover and operating cash flows position.

Advance the Presence of Our Automobile After-Sales Service Network

Taking advantage of our nationwide insurance agency license, we strive to expand the geographical coverage of our insurance agency business by setting up more branches in new cities with relevant CBIRC filings. Subject to our business development progress and the local economic developments of relevant cities in China, we plan to expand the geographical coverage of our insurance agency business into 30 cities, such as Shenzhen, Dongguan, Changzhou, Zhaoxing, Yangzhou, Jinan, Yantai, Huzhou, Haikou, Shijiazhuang and Luoyang, in the Guangdong, Jiangsu, Shandong, Zhejiang, Hebei, Henan, Fujian, Hainan, Jiangxi and Guizhou provinces in three years' time, and aim to achieve basically a geographical coverage in all provinces, autonomous regions and municipalities except for Tibet, Qinghai, Xinjiang and selective provinces in northeast China in five years' time. In selecting the geographical areas we plan to expand into, we have made reference to auto and insurance related statistics and economic indicators sourced from official and other publicly available sources, such as local GDPs, number of vehicles in use, size of total insurance premium and their respective historical trends and current levels. We have also taken into consideration qualitative factors such as regulatory environment and competitive landscape of the cities, as well as the sufficiency of local manpower and availability of external referral resources. We are currently allocating RMB153.2 million of the net proceeds from the Global Offering, to be supplemented by internal resources as needed, as start-up and/or ramp-up funding for the initial business operations of up to 30 new branch companies, with the other new branch companies planned to be established further down the road to be funded by internal resources. In arriving at such allocated funding, we have taken into consideration funding needs for establishment of local offices including leasing of office space, renovation and installation/purchase of office fixtures and equipment, operational manpower recruitment, as well as initial and ramp-up running capital. We have also made reference to the level of initial funding needs of our existing branch companies and provided for some buffer to cater for inflation and increasing rents and staff costs.

Since the end of the Track Record Period and up to the Latest Practicable Date, we have established two additional branch companies in Shenzhen and Dongguan of Guangdong Province for our automobile insurance business. No substantial capital has been deployed to the newly established branch companies up to December 2018 and we anticipate they will commence and/or achieve substantive business operations later in 2019. It is our present intention to continue with our marketing strategy of engaging local external referral sources to facilitate our planned geographical expansion, and we plan to collaborate with more major chain service providers and encourage our butler service providers in different local regions to join our network of external referral sources. See also "— Our Strategies — Continue to Develop Automobile Insurance Marketing Channels and Expand our Omni-Channel Marketing Network" in this section for further details.

We also plan to strengthen our local marketing and brand promotion to enhance our brand and service visibility in the cities that we currently operate and, more importantly, those new cities that we intend to venture into. We have currently RMB124.9 million out of the net proceeds from the Global Offering to support our marketing and brand promotion activities at both group and local level, currently intended to be deployed within a five-year time frame. On an overall group level, we may participate in and sponsor selected regional and/or national auto and insurance related exhibitions, forums and publicity functions, place advertisements on national media, industry magazines as well as on-line media. On a local level (especially cities that we currently operate and intend to venture into), we may also place advertisements on local media and display advertisements in selected commercial areas, buildings, stores and communities, and sponsor local media and high-profile auto and insurance related functions and events. We believe a stronger and deeper brand visibility in local regions would greatly facilitate our external referral sources in promoting our services and attract more local and regional insurance companies to collaborate with us.

We also plan to expand our butler service network based on actual business needs of us and our butler partners. We plan to engage more butler service providers (which may include our insurance referral service providers which satisfy the requirements to be our butler service providers) and advance our nationwide integrated butler service platform. On the back of our current service network coverage, we target to further expand the geographical coverage of our automobile butler services business basically into all above county-level cities, which is estimated to add around another 900 above county-level cities to our existing network, and deepen our penetration to cover basically all counties and townships in central and eastern China in five years' time. In deciding the geographical areas we expand into, we would take into account factors including the demand of our butler partners, the market size, regulatory environment and competitive landscape of the regions, as well as our overall development plans.

In tandem with our geographical expansion and penetration, we plan to promote and expand certain of our emerging butler services which we consider are increasingly well received, including:

- *High-speed train station VIP services.* With the increasing traffic flows for high-speed railway travel, we believe such VIP services will be increasingly in demand and well received particularly by end customers engaging in frequent business travels. As of the Latest Practicable Date our high-speed train station VIP services already covered 211 train stations in 151 cities, providing services such as accompanying personnel assistance for express security check, priority boarding and use of VIP lounge. We intend to expand our geographical coverage for such services to up to 300 train stations in five years.

- *Airport parking.* In addition to our designated driving and destination pick-up services, we also offer discounted airport parking in our service packages for our butler partners where end-consumers can enjoy preferential parking rates in selected airports. As of the Latest Practicable Date our airport parking services covered 38 airports. We intend to expand our geographical coverage for such service to up to 100 cities in five years.

- *Airport butler services.* As of the Latest Practicable Date we already offered airport butler services, which included the use of VIP lounges, ticketless check-in, private security check and reserved limousines, in 106 cities. We intend to expand our geographical coverage for such services to up to 200 cities in five years.

To support our planned geographical expansion and penetration and increase our brand visibility and recognition for our butler services which are considered to be essential in securing new butler partners (such as branches and subsidiaries of commercial banks) and recruiting butler service providers at local level, we have allocated RMB26.4 million out of the net proceeds from the Global Offering towards our marketing and promotional activities, which is currently intended to be deployed within a five-year time frame. It is currently anticipated that such marketing and promotional activities may include, without limitation, hard advertising through traditional media such as television, radio station and outdoor billboards, display advertising in commercial buildings, participation and/or sponsoring of special-topic forums and salons, as well as promotional functions and service coupons directed at end users of automobile butler services with the aim of promoting end consumers' recognition and experience with our brand and our service offerings.

In order to support our planned geographical expansion and penetration of our automobile butler services, we also plan to significantly expand our manpower resources in business development (who are primarily responsible for identifying, securing and managing our network of butler service providers) and sales and marketing (who are primarily responsible for exploring and maintaining business relationships with our butler partners such as commercial banks and insurance companies at local levels) to ensure that we can properly and expediently identify and bring in qualified butler service providers, and promote our services to banks and other institutional customers in the local regions that we would like to expand into. We also plan to significantly expand our quality control and customer service input to ensure that we are able to uphold our frequent on-site visits to such expanding pool of butler service providers to ensure that their store presentation and quality of services are up to our standard and the standard that our butler partners and end consumers expect. Given that our geographical expansion and penetration is anticipated to involve substantial expansion of our butler service providers and development and servicing of increasing number of butler partners at an expanded local levels,we currently plan to increase our business development and sales and marketing headcounts by around 200 each, and our quality control and customer service headcounts by around 500 in a five-year time frame, subject to the actual pace of our geographical expansion and local human resources conditions. We also plan to establish additional regional customer service centers as and when appropriate to facilitate efficient local customer service and quality control coverage.

In addition, we intend to devote more resources on providing our business development, sales and marketing, and customer service and quality control teams with trainings regarding network exploration, human resource management, service procedures, quality control, customer complaint handling and compliance matters. Given the anticipated expansion in our manpower and geographical coverage, we endeavour to further improve and adopt a more systematic approach in training to ensure our front-line staffs (i.e., business development, sales and marketing and quality control and customer service) in different local regions are equally equipped to effectively carry out their functions, and are more unified in terms of their standard of services. At present, training of our front-line staffs are primarily provided by regional business management through periodic internal briefings. Going forward, on top of such periodic internal briefings at local level, we intend to enhance our training practice and structure a more systematic training system on a group level by producing unified training materials on different prescribed subjects and coverage, and organise periodic firm-wide and/or regional-wide training sessions by way of video as well as physical conferences and training camps. Additional resources will also be allocated across our local points of coverage to support our local business development teams in providing training to our butler service providers to enhance their unified service quality and store presentation. We currently intend to allocate RMB66.6 million from the net proceeds of the Global Offering towards the above manpower expansion and enhancements in training systems and capacity, which is currently intended to be deployed within a five-year time frame.

According to the Frost & Sullivan Report, except for remote regions such as Tibet, Qinghai, Xinjiang and selective provinces in northeast China, the insurance referral services and the automobile butler services, which are essential for our business operations, are widely available at comparable service fees and quality for car users throughout China. We believe that our collaborative business model with our suppliers, where they do not incur any cost in joining our network but will be rewarded for successful marketing results or services provided and, particularly for our butler service providers, enjoy end consumer flow from our butler partners, coupled with our established brand, market visibility, the abundance of insurance products that we carry leveraged on our broad insurance customer base, competitive fee rates offered to our suppliers and our track record in timely fee settlement with our suppliers, all serve to enhance our capability to attract potential external referral sources and quality automobile after-sales service providers to join our marketing and service network as we continue to expand geographically. Accordingly, we do not envisage any material difficulty in continuing to attract and expand our external marketing and service network in support of our planned geographical expansion.

Continue to Develop Automobile Insurance Marketing Channels and Expand our Omni-Channel Marketing Network

In connection with the expansion of our automobile insurance agency business, we plan to actively explore a variety of automobile insurance marketing channels and expand our omni-channel marketing network. We plan to focus on establishing the following automobile insurance marketing channels:

- *Cooperative automobile after-sales service outlets*. The extensive network of automobile after-sales service outlets is a great source for us to facilitate insurance sales. Automobile owners visiting these service outlets are more likely than not to be also potential auto insurance purchasers and thus targeted end consumers for our insurance agency business. We plan to proactively seek cooperation with automobile after-sales service outlets, particularly chain service providers, to source our insurance agency business. Additionally, with our geographically well represented and continuously expanding network of automobile butler service providers, we plan to continue with our efforts in tapping into such network resources to encourage our butler service providers to join our network of external referral sources.

- *Other types of external referral sources*. As the Internet technology advances, obtaining external referral sources has been greatly simplified. Any smartphone user can install our insurance app and learn to use the app following relatively simple training. We plan to promote our insurance app to a wider group of corporations or individuals, who can serve as external referral sources for our insurance agency business.

- *Transaction marketplaces for new cars and second-hand cars*. As the sales of new cars shift from traditional 4S dealership stores to emerging online transaction and financing marketplaces, we plan to expand our collaboration with our strategic channel partners including Guazi.com and Souche.com, and explore collaboration opportunities with other transaction marketplaces.

- *Community and property management offices*. We plan to leverage our insurance app and Cheyibao camera to engage community and property management offices as our referral service providers, which can provide neighborhoods with easy access to our insurance agency services. We are pursuing a wider use of our Cheyibao camera, which is already equipped by some of our referral service providers. Our Cheyibao cameras, installed at 4S dealerships, car wash places or other of our partners' venues, scan license plates of all automobiles within its field of view and validate their insurance status through the database of insurance companies that we have cooperation with. The Cheyibao app will notify our external referral sources with filtered information of automobiles with expiring insurance, which facilitates our external referral sources in conducting targeted marketing.

We have currently allocated RMB45.6 million out of the net proceeds from the Global Offering for deployment towards our targeted new cities and branch establishments to support the expansion of our external referral sources network, including (without limitation) store front sign-posts and system and equipment installation relating to our insurance app, and to widen the installation and use of our Cheyibao cameras in our existing cities. As of the Latest Practicable Date, our Cheyibao cameras, catered for installation at structured driveways to automatically scan license plates of drive-through automobiles for insurance validity status, were installed in selected 4S dealerships and car wash and service stations/outlets (which are our external referral sources) in seven cities. At an initial stage to widen the use of our Cheyibao cameras, we plan to expand its installation for our external referral sources with suitable installation conditions (typically with structured driveways of sufficient drive-through width) in all our existing cities in three years' time commencing after our Listing.

Additionally, in view of the anticipated expansion of our pool of external referral sources with our geographical expansion, and with the aim of better ensuring and maintaining a unified, professional and quality end consumer service experience across such extended local regions, we plan to significantly expand our capacity to provide systematic trainings to our external referral sources. We plan to establish a centralized training center in Shanghai (currently intended to be by way of leasing of existing properties) and organize regular trainings for our external referral sources in both our existing as well as new cities that we plan to venture our insurance agency business into. More particularly, we plan to (i) systematically develop and organise training materials to be used for regularly organised trainings, such as insurance and insurance product knowledge, insurance claims knowledge and processing, techniques in effective communication, marketing and promotion and complaints handling, usage of our insurance app and our transaction process, after-sales and claims processing procedures, as well as store management training; (ii) adopt and launch more training formats such as centralised conferences, forums and training camps, on-line learning, video streaming as well as subscription of external course offerings; and (iii) organise our training efforts and resources into a structured platform with regular program scheduling, tracking and release of schedules on training functions, events and course offerings, as well as course evaluation and feedbacks. On top of the above, it is our present intention to allocate annual budgets to our local levels to subsidize the travelling and accommodation expenditure of our external referral sources to encourage their participation in our periodically organised training conferences and training camps. We have currently allocated RMB41.0 million out of the net proceeds from the Global Offering, which is intended to be utilised within a five-year time frame, for the establishment of our centralised training center and expansion of our capacity to provide systematic trainings.

Further Enhance our Technology Capabilities

Recognizing our technology capabilities as one of the key driving forces behind our growth, we are dedicated to constantly improving our IT system and our research and development capabilities.

In the auto insurance consultation and purchase process, whether through online platforms or offline channels, we have accumulated massive amount of data from automobile owners regarding the profiles of their cars. We intend to refine our big data analytics technology to make better use of these data by matching the car profiles to suitable insurance products available for purchase in a more accurate manner. We plan to develop an insurance artificial intelligence analytics platform leveraging machine learning technologies to study the extensive database of end consumers accumulated through our business operations to enable precision marketing. We expect the platform to automatically recommend insurance products and insurance companies suitable to insurance applicants based on historical insurance claims and frequency of the insured accidents, and at the same time, provide basis for insurance companies to generate underwriting decisions. We believe these technology enhancements will increase the insurance companies' sales efficiency and bring more convenience to automobile owners seeking for suitable insurance products.

We will continue to improve our technology systems and our mobile apps. To enhance our IT infrastructure and security in support of our increasing business volume, we plan to upgrade our data security systems and certain of our essential business systems and platforms, including our insurance app core platform and insurance ERP platform which are the backbone to support the transaction process of our insurance agency business, our butler services core platform which we use internally for managing our network of automobile butler service providers and their various types of services, and our butler reservation services platform which is the platform supporting our reservation services under our automobile butler services business. We also plan to add an insurance module to our butler apps to enable our butler service providers who join the network of external referral sources of our insurance agency business to use a single app to perform both functions for enhanced user experience and convenience. Given that we are typically required to customize our butler services modules for our new butler partners in order to be imbedded in their mobile apps, and to satisfy the changing needs and system modifications/upgrades of our existing butler partners, we will continue to devote resources to enhance and increase our IT capacity in tandem with the expansion of our automobile butler services business.

We strive to drive the operation and management of our business with technology, and rely on our research and development team to provide values to our end consumers and business partners throughout the whole auto use ecosystem. We intend to expand and upgrade our IT hardware infrastructure to support our software system upgrades and new system implementation. To this end, we plan to develop and implement new software systems and platforms, including (without limitation) a cloud PaaS + LaaS platform which is intended to create our own cloud to enhance data security and consumer privacy, middleware packages which are unified ready-to-use software packages for our software developers that substantially optimize our software development process, a butler services SaaS platform which is a cloud platform for our butler service providers that improves our centralized management of automobile butler services, and a Cheyibao SaaS platform which facilitates a wider use of our Cheyibao camera, to further optimize our operational process and enhance our operational and management efficiency.

It is currently intended that the above technology enhancements will be carried out in a time horizon of five years and by stages commencing after our Listing, and we have allocated RMB155.0 million out of the net proceeds from the Global Offering for this pursuit.

Pursue Strategic Alliance, Investment and Acquisition Opportunities

While we continue to expand our business through organic growth, we may evaluate and selectively pursue domestic and/or overseas strategic alliance, investments and acquisition opportunities across the auto use value chain to supplement and complement our existing products, services and strategies when such opportunities arise. In our pursuit of such opportunities, we may optimize our talent pool, broaden our product and service offerings, expand our end consumer reach, strengthen the relationship with our business partners, and improve our technology capabilities. In addition, we expect to realize synergies and additional competitive advantages in the strategic alliances with service providers and customers in the value chain.

We may explore domestic and/or overseas strategic alliance, investment and acquisition with businesses that: (i) enrich the types of insurance products we carry and types of automobile after-sales services; (ii) expand our insurance marketing network and automobile butler service network; (iii) possess advanced data mining and analytic capabilities and other technology capabilities; or (iv) operate in the auto use value chain that might be of interest and synergetic to us. In addition to these factors, we may also take into account the potential targets' operational scale, market share, historical financial performance, revenue growth potential and compliance status. We seek to balance a variety of considerations in selecting our strategic investment or acquisition targets. As at the Latest Practicable Date, we had not identified any potential acquisition targets and did not have any ongoing negotiations relating to potential acquisitions.

INSURANCE AGENCY BUSINESS

We launched our insurance agency business in 2008. We specialize in distributing automobile insurance policies, which constituted the largest segment of property insurance in China in terms of insurance premium in 2017, according to the Frost & Sullivan Report. According to the Frost & Sullivan Report, we ranked first among professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, representing a market share of 2.1%.

We generate revenue from our insurance agency business primarily through collecting commissions from insurance companies for successful sales of their insurance products, which are typically based on a percentage of the premium paid by insurance policy purchasers. The commission rates are typically set by insurance companies and differ for different product types, different insurance companies and different regions in which the insurance products are sold. The commission rates are also subject to adjustments by insurance companies from time to time based on their expectation on profits, consumer demand for insurance products in the market, the availability and pricing of comparable products from other insurance companies, regulatory requirements and governmental policies, and other factors that affect insurance companies at the relevant time. In this connection, our average commission rates also varied between different cities in which we operate our insurance agency business, and for the years ended 2015, 2016, 2017 and the nine months ended September 30, 2018, our by-city average commission rates ranged from 16.0% to 25.8%, 12.6% to 32.9%, 12.0% to 39.9% and 17.3% to 42.7%, respectively, while our overall average commission rate was 18.4%, 23.4%, 27.7% and 28.5%, respectively.

Our Insurance Products

We primarily offer automobile insurance products underwritten by major insurance companies in China. The automobile insurance products we carry comprise primarily of (i) statutory automobile liability insurance ("**SALI**") and (ii) commercial automobile insurance. SALI is the compulsory vehicle insurance for all automobiles in China as required by relevant laws and regulations, and cover casualty and property loss of victims (excluding passengers and the insured) in accidents involving the insured vehicle. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, revenue arising from the sales of SALI amounted to RMB5.4 million, RMB9.0 million, RMB16.1 million and RMB18.8 million, representing 3.5%, 3.0%, 2.7% and 2.4% of our insurance agency business segment revenue, while revenue arising from the sales of commercial automobile insurance amounted to RMB145.1 million, RMB291.6 million, RMB564.9 million and RMB714.3 million, representing 94.4%, 95.3%, 92.9% and 92.1% of our insurance agency business segment revenue, respectively.

Additional to the above two principal product types, we also offer (i) various types of non-mandatory commercial insurance products for automobile owners, which cover damages caused to the insured automobiles by collisions and other traffic accidents, falling or flying objects, fire, explosion and natural disasters, and (ii) commercial third-party liability insurance products, which cover bodily injuries and property damage to a third party caused by an accident involving an insured vehicle, losses arising from vehicle theft and robbery and liability to passengers. We also sell riders as supplementary policies to cover additional losses such as broken glass and vehicle body scratches. From time to time upon enquiry of purchasers of our automobile insurance products, we also sell individual accident insurance and other property and casualty insurance products related to car use or car owners. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, revenue arising from the sales of these other types of insurance products in aggregate amounted to RMB3.2 million, RMB5.5 million, RMB26.8 million and RMB42.9 million, representing 2.1%, 1.8%, 4.4% and 5.5% of our insurance business segment revenue, respectively.

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, we sold 267,557, 486,824, 738,143 and 1,203,494 insurance policies of various insurance companies, respectively. Our automobile insurance policies generally have a term of one year. These policies are underwritten by insurance companies directly, and we are not a party to the insurance policy or other agreements with the purchasers of the policies.

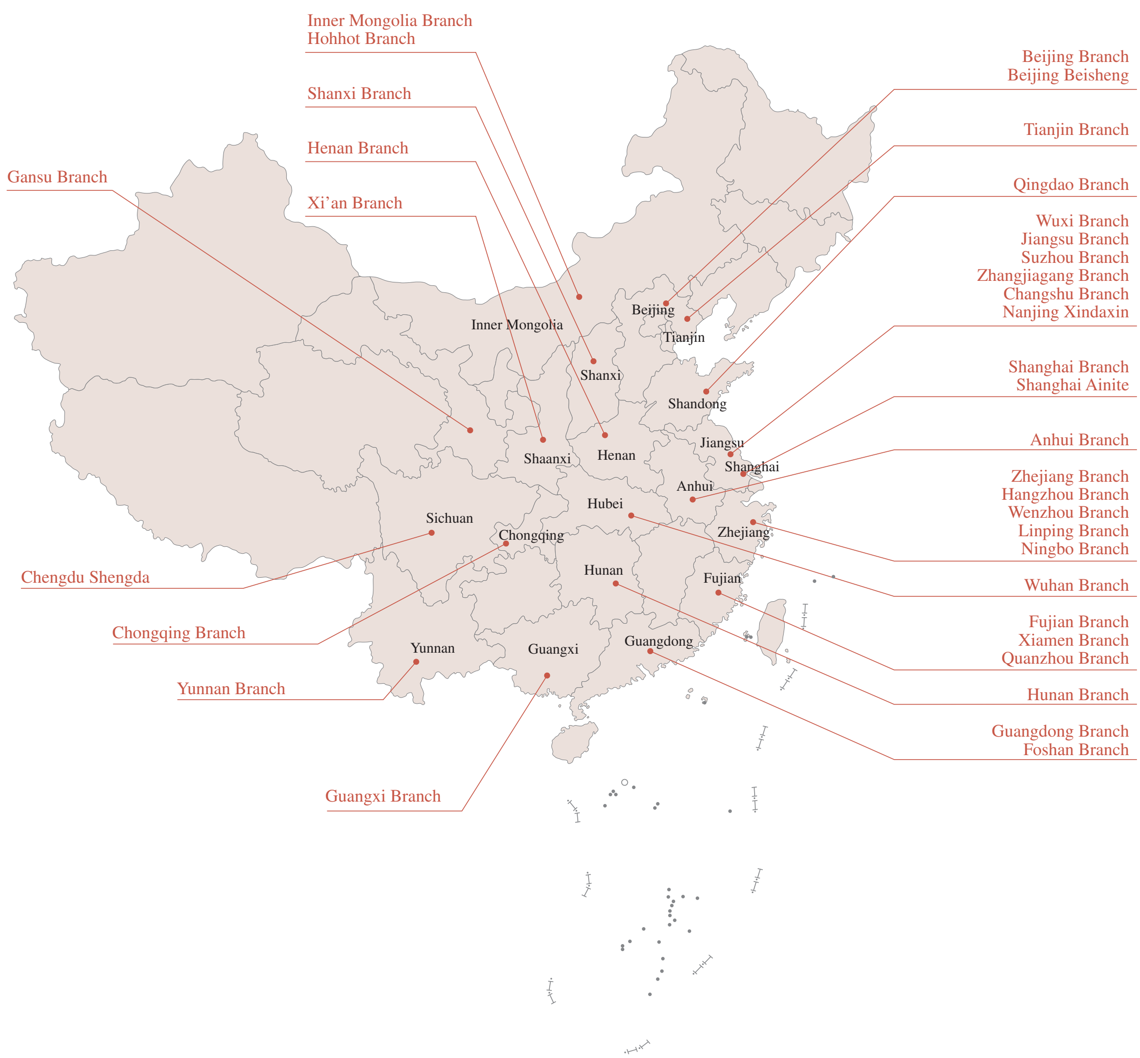
Sales and Marketing

We market insurance products to potential end consumers sourced from a comprehensive and integrated omni-channel interactive marketing network, comprising (i) external referral sources, which include referral service providers, external registered sales representatives and strategic channel partners and (ii) our in-house sales force. All of our external registered sales representatives were registered with the CBIRC during the Track Record Period. We significantly increased the use of external referral sources as our marketing strategy during the Track Record Period, prompted by the introduction of the Insurance Law and the amended Provisions on the Supervision of Professional Insurance Agencies in 2015 which effectively eliminated the requirement for salespersons to pass the qualification examination organized by the CBIRC and obtain a qualification certificate for providing insurance referral services. We consider the regulatory relaxation would provide us with the opportunity to tap into a much expanded pool of external referral sources to expedite our geographical expansion in a much more efficient, scalable and cost-effective way, rather than employing full-time sales personnel in each of the local regions we want to venture into and be faced with increasing labor shortage, high labor cost and greater pressure on our management to manage a large number of new staff scattering in different and vast range of regions. As a result of the regulatory relaxation, alongside our expanding use of external registered sales representatives, we also expanded our marketing network through collaborating with more referral service providers during the Track Record Period, which has been the largest component of our external referral sources, as well as strategic channel partners. We anticipate such trends in terms of the mix of our insurance agency marketing network to continue in the future, with referral service providers and strategic channel partners together continue to represent the largest component, account for more than 80% of our external referral sources, and external registered sales representatives accounting for less than 20%. In addition, technological advancements in the mobile internet and prevalence of smart phones also prompted us to explore alternative marketing methods, and with the opening of a much expanded pool of external referral sources brought about by regulatory relaxation, and shifted our marketing strategies to focus on the use of external referral sources with the help of information technology and mobile applications. According to the Frost & Sullivan Report, the increased use of external referral sources was in line with the practice of sizable insurance agency companies in China.

During the Track Record Period, revenue generated through our external referral sources amounted to RMB136.0 million, RMB292.3 million, RMB600.5 million and RMB771.9 million and representing 88.5%, 95.4%, 98.8% and 99.5% of our insurance business segment revenue, while revenue generated through our in-house sales force amounted to RMB17.7 million, RMB13.9 million, RMB7.4 million and RMB4.1 million and representing 11.5%, 4.6%, 1.2% and 0.5% of our insurance business segment revenue, respectively.

Through our omni-channel marketing network, our insurance agency business achieved rapid geographical expansion in business coverage, from four cities in 2015 to 10 cities in 2016 and 17 cities in 2017 and further to 23 cities by September 2018. As of September 30, 2018, we had 35 branches in 27 cities in 20 provinces, autonomous regions and municipalities in China (of which four have yet to have business contributions). In accordance with relevant laws and regulations, our sales activities, whether by telephone or through our external referral sources, are limited to the provinces or cities where our branches reside as filed with CBIRC. As such, we have set up branches in all cities covered by our marketing network and have completed relevant CBIRC filings for the establishment of such branches.

The following map sets forth geographic presence of our marketing network as of September 30, 2018:



Note: We set up multiple branches in certain cities.

The following table sets forth the number of participants in our marketing network as of the dates indicated:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
External referral sources:				
Referral service providers*	4,260	5,818	11,932	18,574
External registered sales representatives	23	1,977	2,628	2,108
Strategic channel partners	0	23	33	57
In-house sales force	85	13	30	26

The following table sets forth the movement of our external referral sources during the Track Record Period:

	Referral service providers*	External registered sales representatives	Strategic channel partners	Total external referral sources
As of January 1, 2015	154	0	0	154
Additions during the year	4,310	42	0	4,352
Terminations during the year	204	19	0	223
As of January 1, 2016	4,260	23	0	4,283
Additions during the year	1,942	4,737	23	6,702
Terminations during the year	384	2,783	0	3,167
As of January 1, 2017	5,818	1,977	23	7,818
Additions during the year	6,641	15,190	10	21,841
Terminations during the year	527	14,539	0	15,066
As of January 1, 2018	11,932	2,628	33	14,593
Additions during the period	7,141	209	33	7,383
Terminations during the period	499	729	9	1,237
As of September 30, 2018	18,574	2,108	57	20,739

* The number of referral service providers in tables above is calculated as the number of registered users of our insurance app who have installed but not removed such app, excluding those who are our external registered sales representatives and those who are affiliated with our strategic channel partners.

Our pool of external referral sources expanded substantially during the Track Record Period as we underwent a shift of marketing strategy since 2015 to significantly increase our use of external referral sources to expedite our geographical expansion, taking advantage of the introduction of relevant insurance regulations which effectively eliminated the requirement for insurance salespersons to pass relevant official qualification examination and obtain a qualification certificate for providing insurance referral services.

During the Track Record Period we had only moderate terminations of our referral service providers and strategic channel partners which we considered to be within a reasonable range given our scale of additions. Our additions and terminations of external registered sales representatives, on the other hand, experienced relatively significant fluctuations in 2016 and 2017 primarily because (i) these registered sales representatives generally represent insurance agencies on an exclusive basis and unsatisfactory performance with one particular insurance agency would have a more apparent impact on their earned commission income and accordingly would more likely to prompt movements; and (ii) as we accelerated our pace of expansion of our pool of external registered sales representatives in 2017, we were informally requested by relevant local regulatory authorities to take a less progressive approach in our pace of registration, pursuant to which we have acted promptly to substantially reduce the number of our external sales representatives then registered and adjusted our expansion in the use of external registered sales representative in a more moderate pace.

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, 3,325, 8,372, 18,762 and 15,427, respectively, of external referral sources who referred potential insurance purchasers to us had led to successful conclusion of insurance policy sales.

External Referral Sources

We engage external referral sources, which comprise strategic channel partners, referral service providers and external registered sales representatives, to assist us in promoting our services and products we carry, refer potential insurance policy purchasers to us and facilitate in our transaction process. Depending on the nature of our external referral sources, they may use a variety of means to promote our services and insurance products we carry, and facilitate us to reach out to potential insurance purchasers, such as displaying our advertisements on their websites or billboards and sign-posts in their business premises, utilizing our insurance apps to provide information about the insurance products we carry to potential insurance purchasers, and conveying the potential purchase intention of their customers to us. As confirmed by our PRC Legal Advisors, such promotional and referral services do not fall within the ambit of sales of insurance products and thus do not require registration with the CBIRC. See “Regulatory Overview — Insurance Agency Business — Qualification Management for Insurance Sales” and “Regulatory Overview — Insurance Agency Business — Establishment and Revocation — Establishment of Professional Insurance Agency and Acquisition of Qualification for Operating Insurance Agency Service.”

Strategic Channel Partners

Our strategic channel partners are primarily online automobile transaction marketplaces such as Guazi.com and Souche.com, and major automobile and automobile service enterprises which, through their principal business operations and undertakings, have access to vast number of car owners who may need to purchase, renew or replace their automobile insurance policies and whom may be introduced to our services and products we carry.

In selecting strategic channel partners, we mainly take into account their reputation, operational scale and geographical presence. We initiated collaboration with strategic channel partners in 2016 and began to build stable business relationships with them. We expect to establish more vibrant and robust collaboration with our strategic channel partners, leveraging their presence in the auto use market and pre-established ties with car owners.

Referral Service Providers

Our referral service providers generally comprise other enterprises and individuals who may use our insurance app to approach and refer potential end consumers to purchase insurance products that we carry. A significant part of our referral service providers are enterprises and individuals which operate in automobile-related businesses, such as car wash and beauty stores, auto-maintenance facilities and 4S dealership stores. Such automobile after-sales service providers have easy day-to-day access to potential purchasers of automobile insurance given the nature of their business and thereby gain their confidence. They can also effectively identify car owners interested in purchasing insurance policies and initiate targeted referrals. We also engage platform companies such as consulting services companies as our referral service providers which recommend potential insurance purchasers to us on their own behalf. Certain of these platform companies may also manage individual referral service providers with access to potential insurance purchasers and process payments to such individual referral service providers.

External Registered Sales Representatives

Our external registered sales representatives are primarily individual insurance sales practitioners with professional knowledge and experience in insurance products and sales and, based on our best understanding, generally consider working as insurance sales practitioners for insurance companies and insurance agencies as their main work undertakings. These individuals typically operate by registering with the CBIRC under their servicing insurance companies/agencies, and provide their services to such insurance companies/agencies on an exclusive basis. Our external registered sales representatives are all registered with the CBIRC under us and are engaged by us on an exclusive basis. While their scope of service with us are largely similar to those provided by our other external referral sources, by virtue of their registration status, they are subject to the governance of relevant regulations of the CBIRC and are eligible to and may engage in sales of insurance products for us.

In-house Sales Force

In addition to sales through our referral service providers, external registered sales representatives and strategic channel partners, we also sell insurance products directly through our insurance sales call center. As of September 30, 2018, we had 26 in-house sales representatives working at our call centers in Shanghai and Nanjing.

We pay wages and salaries to our in-house sales force and incur costs of referral fees and other rewards and incentives to our referral service providers, external registered sales representatives and strategic channel partners. Our external referral sources do not receive any service fees from end consumers.

During the Track Record Period, we implemented a switch of marketing strategy in response to evolving regulatory and market environment, whereby we had significantly downsized our in-house sales team while extensively increased the use of external referral sources to reach out to potential insurance purchasers. This switch in marketing strategy has allowed us to achieve significant geographical expansion in a more efficient and expedient manner, which led to a robust revenue and gross profit growth in absolute amounts in our insurance agency business, notwithstanding a reduced gross profit margin. See “Financial Information — Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin.”

We built the foundation of our omni-channel interactive marketing network around our end consumers. Every individual end consumer has his or her own shopping patterns and habits. As a result, our main objective at the front end of our omni-channel interactive marketing network is to satisfy the needs of our end consumers regardless of their means of purchase, whether by phone or in person. Through our nationwide marketing network, our services are conveniently accessible to our end consumers alongside various high-frequency activities of automobile owners, such as car washing and maintenance activities.

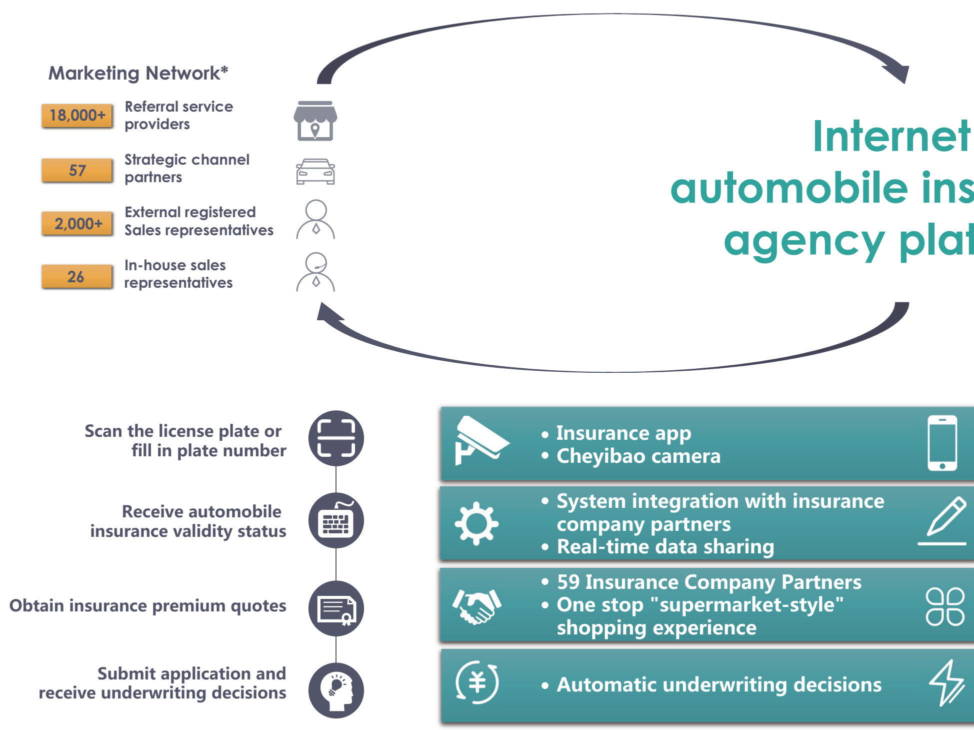
Leveraging our proprietary technologies, we also strive to optimize the transaction process on our insurance app so that the registered users of our insurance app, who are primarily our external referral sources, can obtain real-time insurance premium quotes of various automobile insurance products to facilitate a one-stop “supermarket-style” shopping experience for our end consumers. In particular, as insurance policies purchases are low-frequency transactions, many end consumers do not have the time or experience to search for and learn about available options. For standardized insurance products like automobile insurance, end consumers generally focus more on price, convenience of purchase, and the brand and services of the insurance company.

Transaction Process and Our Insurance App

Our proprietary technologies enable our in-house sales representatives and external referral sources to serve end consumers conveniently throughout the transaction process. We embed such technologies in our insurance app used by our external referral sources and the desktop app used by our in-house sales representatives. Our proprietary insurance app is designed to allow our external referral sources to help potential insurance purchasers obtain accurate real-time insurance premium quotes and make the shopping process efficient and convenient for our end consumers. Our external referral sources guide insurance purchasers through the selection and application process through the insurance app. Potential insurance purchasers can obtain insurance premium quotes, submit insurance applications and generally receive the relevant insurance company's underwriting decisions from our insurance app, which automatically interacts with the systems of the insurance companies that we collaborate with. In addition, our external referral sources may contact our online customer service personnel through our insurance app or call them directly to get further help or information for potential insurance purchasers.

Our referral service providers, external registered sales representatives and strategic channel partners are primarily registered users of our insurance app and end consumers only access our insurance app through our external referral sources. For convenience of services, our strategic channel partners may register multiple accounts for their employees and stores. These registered users utilized our insurance app frequently and assisted end consumers to obtain over 699,000, 2,201,000, 4,049,000 and 9,044,000 insurance premium quotes through our insurance app in 2015, 2016 and 2017 and the nine months ended September 30, 2018. As of December 2015, 2016 and 2017 and September 30, 2018, our insurance app had over 4,000, 7,000, 14,000 and 21,000 registered users.

Set forth below is an illustrative graph of the transaction process of our insurance agency business.



* The number of parties involved was as of September 30, 2018.

Step 1. Information Submission

After our external referral sources logs into our insurance app as a registered user, the insurance app automatically shows the city in which the referral service provider is authorized to market the insurance products. Our external referral sources may use our insurance app to scan the plate number and fill in the basic identity information about the potential insurance purchaser.

The information input through our insurance app is sent to our insurance company partners, whose databases generally contain abundant records about insurance purchasers and insured cars, to request information about the particular potential insurance purchaser. Most insurance companies' databases are also connected to the national automobile insurance database maintained by China Insurance Asset Registration Trading System Co., Ltd. ("**CIARTS**"), an insurance registration platform recognized by the CBIRC, that registers substantially all insurance transactions in the PRC. In case the insurance company receiving the application does not possess any information about the applicant or its vehicle, the insurance company's database will interact with CIARTS's system and obtain information about the insurance applicant and the vehicle, which is likely to be authenticated and validated information as it is based on successful historical transactions.

The insurance company then returns the relevant information, either obtained from its own database or from CIARTS, to our system, which analyzes such information at backstage together with other sources of our own insurance database, such as those from our historical transactions, insurance industry associations, and public internet. Our system will return to the insurance app the information about the car owner, (including name and personal identification number in the case of individuals or enterprise code in the case of business entities), the vehicle registration number and registration date, the engine number, the make and model of the automobile and information about the current insured status of the automobile, including the duration of any current policies and whether the automobile is eligible for submission of insurance application through our insurance app. Generally, all automobiles are eligible for insurance purchase through our insurance app, except those whose years or purchase prices exceed a certain threshold or those that filed insurance claims more than twice, which would require manual information input by our staff.

Our external referral sources may also introduce various insurance products and rider options available on our insurance app to satisfy the diversified needs of our end consumers.

Step 2. Premium Enquiry

After end customers select insurance products that they are interested in through our insurance app, our system submits the relevant information to the relevant insurance companies and returns an insurance premium quote automatically within seconds.

Step 3. Application Submission and Underwriting Decision

If the insurance premium quote is acceptable to our end consumers, our external referral sources (i.e., registered users of our insurance app) can assist end consumers in submitting insurance applications through our insurance app. Our external referral sources can also assist end consumers to submit through our insurance app additional information, including contact information of the owner of the automobile, policyholder and the insured. Our insurance ERP system checks the completeness of the information by verifying that each required field of the application form is filled with proper information, and transfers the information to the insurance companies through the internet gateway pursuant to the hyper text transfer protocol. Upon receiving the information, the insurance companies' systems automatically analyze the eligibility of the insurance application according to their pre-set criteria. Such criteria may differ among different insurance company partners, but generally include the make, model, age, price and accident history of the automobile. The insurance companies' systems generally revert with underwriting decisions within minutes. In certain occasions when the system fails to revert with positive underwriting decisions automatically, our staff would input the relevant information of the end consumer to our system using desktop computers and provide additional documentations as requested by the insurance companies to re-analyze the eligibility of the insurance application manually according to their pre-set criteria. Such approval from our insurance company partners also act as an authorization for us to finalize the insurance policy on their behalf. Upon final approval, our call center staff will contact the end consumer to confirm the order.

Step 4. Payment and Delivery of Insurance Policy

Our end consumers generally pay for the insurance policies through POS machines or QR codes provided by insurance companies. The insurance premium is collected directly by the insurance companies. We would print the finalized insurance policies issued by the insurance companies and deliver them to our end consumers.

On limited occasions, where it is logistically inconvenient for end consumers to pay insurance companies directly through swiping credit cards on POS machines or scanning QR code (which are mostly end consumers secured by our in-house sales force through telemarketing), we may pay the insurance premium on behalf of our end consumers at the time the policy is approved, and collect payments from our end consumers subsequently. Such end consumers are generally repeating end consumers that subscribed for their automobile insurance policies with us previously and are renewing and/or purchasing new policies with us, whom we generally consider to be relatively trustworthy given their established relationships with us. In case of new end consumers, we typically request them to send us proof of personal identification and addresses before making premium payment on behalf of them. While we do not charge any interest or additional fee, we generally require the end consumers to repay the insurance premium to us before we issue the insurance policies to them. As of December 31, 2015, 2016 and 2017 and as of September 30, 2018, our total insurance premium receivables amounted to RMB20.2 million, RMB51.2 million, RMB24.3 million and RMB45.0 million, respectively. As of the Latest Practicable Date, all insurance premium receivables during the Track Record Period were settled and no provision/write-off was made in respect of them.

As advised by our PRC Legal Advisors, except for Anhui, Hainan, Jiangsu and Shenzhen which require policyholders to use their legal names in purchasing insurance policies and make premium payments to insurance companies directly, payment of insurance premiums on behalf of policyholders is allowed in other regions of China. We only provided such payment services in the permitted regions per the scope set forth in our license for operating insurance agency business and the relevant requirements of local branches of the CBIRC, and we had not been subject to any administrative penalty during the Track Record Period. Our PRC Legal Advisors are of the opinion that we were in compliance of all relevant laws and regulations in all material respects in this regard during the Track Record Period.

Step 5. Settlement with our insurance company partners and external referral sources

Transactional information is collected and stored in our insurance ERP system real-time throughout the transaction process, including, among others, insurance policy numbers, the issuing insurance companies, names of policyholder and the corresponding car license plate numbers, types of insurance and insurance premiums. On a daily basis, such transactional information would be exported into an electronic file, where additional information, including the pre-agreed commission rates associated with the relevant insurance policies (in respect of both our insurance company customers and our external referral sources) and the identity of the corresponding external referral sources, would be further inputted and checked internally by both our insurance policy verification department and our finance department, and used for recording our corresponding commission income and expenses into our accounting system. Periodically based on the pre-agreed time intervals with our insurance company customers, selected transactional information in the electronic file (excluding those relating to our external referral sources) would be exchanged with relevant insurance companies for their internal records of insurance policies issued and the corresponding insurance premiums and commission rates for counter-checking by both parties. Any discrepancies between our system records and those of our insurance company customers would be duly investigated and resolved accordingly, and any resulting adjustments on our commission income would correspondingly be updated into our accounting system. After both parties confirmed and agreed to the transaction details and the amount of commissions to be payable to us, the agreed settlement lists as provided by our insurance company customers detailing the agreed aggregate insurance premium, commission rates and commissions payable, together with records of the insurance companies confirmations, would be passed on to our finance department for issuance of invoice.

On the other hand, based on the pre-agreed time intervals with our external referral sources, transactions confirmation lists would be prepared based on our electronic file as exported from our insurance ERP system and updated with relevant commission rates and service providers information, and sent to our external referral sources for their confirmation. Thereafter, invoices from our external referral sources would be issued to our finance department, where additional checking with our internal records would be performed before effecting payments.

Relationships with Our External Referral Sources

Salient Terms of the Terms of Use of Insurance App

As registered users of our insurance apps, all of our external referral sources have agreed on the terms of use of our insurance app. Salient terms of such terms of use include:

- *Use of App*. Users of the insurance app represent that information provided on the insurance app by them and is true and accurate. Registered users may only use the insurance app after their accounts are approved by us. We undertake to provide the registered users access to the insurance app for free during the term of collaboration provided that the registered users adhere to the terms of use.

- *Collaboration*. We allow registered users to present marketing documents and information on the insurance products we carry.

- *Restrictions*. Registered users undertake to follow certain restrictions set by us, including: (i) not to make underwriting commitments; (ii) not to provide any interest or services to policyholders; (iii) not to receive any insurance premiums; (iv) honest presentation without exaggeration and omission.

- *Terms and termination.* Our collaboration agreements generally have a term of one year, which may be extended for another year automatically if not terminated. We may terminate the terms of use of the insurance app and the collaboration to provide referral services by the registered user in case of default of the registered user.

Salient Terms of Collaboration Agreements with Certain of Our Referral Service Providers

We enter into collaboration agreements with certain of our referral service providers which have stable business relationships with us. Salient terms of our collaboration agreements include:

- *Collaboration*. We may present and market insurance products in stores and on the webpages of our referral service providers. Along with the insurance products we carry, we also present our insurance agency qualification and make available detailed descriptions of the insurance products.

- *Services*. Our referral service providers shall introduce the insurance products to potential end consumers and strictly adhere to the marketing materials provided by us.

- *Location*. Our referral service providers may only market the insurance products in their respective cities.

- *Service fee*. We pay a certain percentage of the commission we receive from insurance companies as referral fee to our referral service providers for their introducing end consumers to us. We may elect to provide gift cards and coupons to our service providers as performance rewards and incentives for their referral service. We generally pay our referral service providers monthly or quarterly.

- *Liability*. We and our referral service providers do not assume any underwriting risks which are solely borne by the insurance companies. An insurance policy is solely a contract between the insurance company and the policyholder who is our end consumer. Neither we nor our referral service providers has any liability for insurance premium payment which rests with the policyholder.

- *Terms.* Our collaboration agreements generally have a term of one or three years.

- *Termination*. Either party may terminate the agreement in case of (i) default of the other party, (ii) disagreement on the method of promoting our insurance products. Our referral service providers may terminate the agreement if their interest was harmed because (i) the insurance products promoted were against laws and regulations or (ii) the method in which we sell our insurance products is fraudulent.

Strategic Collaboration Agreements with Our Strategic Channel Partners

We have entered into strategic collaboration agreements with certain of our strategic channel partners. Such strategic agreements generally set forth the business objectives of the collaboration. We generally also enter into separate agreements with our strategic channel partners, which set forth details of our collaboration in a way similar to the collaboration agreements with our referral service providers.

Salient Terms of the Insurance Representative Agreements with Our External Registered Sales Representatives

Our external registered sales representatives are also registered users of our insurance app and have agreed to the terms of use of our insurance app. In addition, we enter into insurance representative agreements with all our external registered sales representatives and register them with the CBIRC. Salient terms of the insurance representative agreements include:

- *Services*. Our external registered sales representatives shall market insurance products we carry to potential end consumers in the name of us and on behalf of us within the scope of authorization.

- *Insurance App*. We authorize our registered insurance sales representatives to use our insurance app and other supporting IT systems.

- *Location*. Our external registered sales representatives may only market the insurance products in their respective cities.

- *Service fee*. We pay a certain percentage of the commission we receive from insurance companies as service fee to our external registered sales representatives for referring end consumers to us. We may adjust the referral fee rate at our discretion. We generally pay our external registered sales representatives monthly.

- *Liability*. We and our external registered sales representatives do not assume any underwriting risks, which are solely borne by the insurance companies. An insurance policy is solely a contract between the insurance company and the policyholder who is our end consumer. Neither we nor our external registered sales representatives has any liability for insurance premium payment which rests with the policyholder.

- *Terms*. Our insurance representative agreements generally have a term of three years.

- *Termination*. Either party may terminate the agreement with one month's prior written notice. We may terminate the agreement with cause, including material breach of the agreement, loss of qualification, illegal behavior, fraud or otherwise failure to meet our training and performance targets by the external registered sales representatives.

Management of Our External Referral Sources

To manage our marketing network, our sales and marketing departments at our headquarters and branches supervise our internal and external marketing channels. We believe our extensive marketing network, utilizing both internal and external resources, allows us to maximize our market presence. We engage external referral sources in different geographic locations of various types of businesses. We select our external referral sources based on various criteria, including their reputation, consumer flows, industry experience, operational track record and previous relationship with us. We require our external referral sources to obtain necessary licenses and certificates required to conduct their relevant business. In addition, we also require them to have the experience and skills relevant to their referral services to us. In accordance with our internal policies, we require approval at our headquarters level prior to engaging new referral service providers, external registered sales representatives and strategic channel partners.

We pay our external referral sources performance-based referral fees, to achieve an optimal balance of rapid market expansion and penetration, desired profitability and delivery of quality end consumer services. We may adjust the referral service fee rates at our discretion, depending on the competitive landscape and market conditions in the respective geographical markets at the relevant time. Accordingly, our average referral fee rates also varied between different cities in which we operate our insurance agency business, in line with the commission rates we charge to insurance companies. We generally set a fixed referral fee rate range for each of our branches, and each of our branches has the discretion to determine the referral fee rate for the referral service providers, external registered sales representatives and strategic channel partners within the range. Our branches generally require headquarters approval for referral fee rates outside such range. In 2015, 2016, 2017 and the nine months ended September 30, 2018, our by-city average referral fee rates ranged from 11.1% to 18.0%, 12.5% to 27.9%, 10.8% to 38.3% and 13.6% to 40.7%, respectively, while our overall average referral fee rate was 12.9%, 18.8%, 24.8% and 26.0%, respectively. The average commission rates we receive from insurance companies and the average referral fee rate we pay our external referral sources are usually positively correlated. Their difference represent the spread we earn and directly impacts the gross profit margin of our insurance agency business. We make reference to the commission rates with our insurance company customers in determining the referral service fee rates we provide to our external referral sources to ensure we retain a sufficient and acceptable spread as our profit margin.

We monitor the services provided by our external referral sources by conducting regular and random inspection of their stores and making end consumer surveys through telephone calls to end consumers referred by them. We constantly monitor: (i) the rate of affirmative underwriting decisions received by end consumers referred by our external referral sources, (ii) the rate of end consumers who subsequently terminate the insurance policy unilaterally and (iii) the rate of complaints received regarding the external referral sources. We generally terminate our collaboration with external referral sources who have high rates of insurance termination and complaints. We also provide regular training to our external referral sources through our insurance app and other means to enhance their awareness of the insurance products we carry, auto-insurance related laws and policies and marketing techniques.

Customers of Our Insurance Agency Business

Our customers for the insurance agency business are major insurance companies in China, which we consider as our "insurance company partners". In the PRC insurance market, local branches of insurance companies generally have the authority to enter into contracts in their own names with insurance intermediaries. In general, we enter into and maintain business relationships with insurance companies at the local level. As such, subsidiaries and branches of our insurance agency business enter into different contracts with different local branches of an insurance company that are located within their respective regions. The termination of a business relationship between one of our subsidiaries/branches and a local branch of an insurance company generally has no impact on the business relationships between our other subsidiaries/branches and the other branches of the same insurance company. As of September 30, 2018, we had established business relationships with 59 insurance companies. Among these, we had entered into strategic collaboration agreements with 17 insurance companies at the headquarters level including Ping An P&C, CPIC P&C and TPI, and had established business relationships with approximately 320 branches of insurance companies.

We conduct regular visits to, and organize periodic marketing events for insurance companies, including their headquarters and their branches in different regions, to promote our insurance agency services and introduce our business model and the functionalities of our apps, particularly on how they facilitate end consumers reach, user experience and transaction efficiency. Our senior management and marketing department at headquarters maintain close communications with the headquarters of major insurance companies. We also invite insurance companies to visit our headquarters and branches to demonstrate our business operations, flows and strengths. We consider that given our role as an insurance agent is to facilitate insurance companies to promote market penetration of their products, and that insurance companies only incur costs in the form of commissions to us upon successful sales of their insurance policies, and in view of our established market positioning and sales coverage network, we had not experienced any material difficulties in promoting our insurance agency services and expanding our insurance customer base during the Track Record Period.

Salient Terms of Our Insurance Agency Agreements with Branches of Our Insurance Company Partners

Salient terms of the insurance agency agreements entered into between our subsidiaries/branches and the branches of our insurance company partners generally include:

- *Scope and location of insurance agency*. Our insurance company partners entrust us to sell insurance products, collect insurance premiums and conduct other business as approved by the CBIRC in the relevant city of the insurance agency branch on their behalf.

  We sell insurance policies in accordance with the clauses, fee rates and terms as provided by our insurance company partners. We shall not revise any clauses of the insurance policies, sell insurance policies beyond the scope of the authorization, issue insurance policies or print insurance policies without authorization of the insurance companies.

- *Unauthorized acts*. We shall indemnify our insurance company partners for liabilities caused by unauthorized acts, abuse of power as an agent, or malicious collusion with the insured or third parties by us.

- *Insurance products and commission*. Our insurance agency agreements typically specify the kinds of insurance products we are authorized to sell. Commission rates we charge differ for different product types, different insurance companies and different regions in which the insurance products are sold, and are typically set by insurance companies. The commission rates may also be adjusted by insurance companies from time to time based on their expectation on profits, consumer demand for insurance products in the market, the availability and pricing of comparable products from other insurance companies, regulatory requirements and governmental policies, and other factors that affect insurance companies, and accordingly would fluctuate in accordance with market conditions and factors beyond our control. The insurance companies would typically inform us of the updated commission rates after adjustments.

- *Insurance policy underwriting*. As an insurance agency, we do not assume underwriting risks. Instead, an insurance policy is between the insurance company and our end consumer.

- *Services*. We may conduct business only within the entrusted scope. We are required to perform our duties, including the duty to disclose relevant provisions of the insurance policy to the policyholder and the insured, following the doctrine of upmost good faith. We instruct the policyholder to fill in relevant information correctly, and pass on completed information of the policyholder and the insured to the insurance company. We are also required to pass on the insurance policy and insurance invoices to the policyholder on a timely basis.

- *Payment*. Our insurance company partners generally make quarterly settlement with us.

- *Qualification*. We shall be qualified to conduct business as an insurance agency.

- *Anti-Money Laundering*. We shall identify the end consumer and provide relevant identity information in accordance with relevant anti-money laundering laws and regulations.

- *Terms*. Our insurance agency agreements generally have a term of one or three years.

- *Termination*. Either party may terminate the agreement with prior written notice of one-month. The insurance company partners may terminate the agreement with cause, including our breach of laws and regulations, breach of the agreement which is not rectified upon notice, loss of the insurance agency license and merger, split-up, liquidation, insolvency and restructuring of us.

Strategic Collaboration Agreements with Our Insurance Company Partners

We also enter into strategic collaboration agreements with certain insurance company partners to explore new collaboration models. For example, in accordance with one of our framework agreements with an insurance company, we aim for performance targets set by the insurance company partner when promoting their insurance products, including the rate of claim payments of end consumers facilitated by us and the amount of the coverage of the insurance policies purchased by end consumers. We are entitled to additional performance commissions if the aggregate amount of the insurance policies exceeds the pre-set target, or if any of the business objectives is achieved. In 2017 and the nine months ended September 30, 2018, the additional performance commissions we received under the strategic collaboration agreements amounted to RMB17.2 million and RMB11.2 million, respectively. Taking into account the profitability and the business objectives of our insurance company partners, we consider more factors when evaluating the performance of our external referral sources when promoting the insurance products of these insurance companies. We provide constant training and support to our external referral sources to ensure that our performance will meet the key performance indicators as requested by insurance companies.

We started to explore such strategic collaboration arrangement with the Nanjing branch of PICC P&C in 2010. As of September 30, 2018, we had entered into such strategic collaborations with approximate 42 branches of PICC P&C. We have also rolled out strategic collaboration with 16 other insurance companies at the headquarters level such as Ping An P&C, CPIC P&C, and TPI. These strategic collaboration arrangements allow us to obtain more comprehensive support from the insurance company partners and secure more favorable terms, which has greatly enhanced our market presence.

Major Customers

During the Track Record Period, major customers of our insurance agency business were our insurance company partners, including local branches of nationwide insurance companies such as PICC P&C and CPIC P&C, as well as certain regional property and casualty insurance companies. According to the licensing requirements relating to insurance intermediaries under the current PRC regulatory framework, we are required to establish a branch in each region where we conduct our insurance agency business. As such, our branches and local branches of the insurance companies enter into separate insurance agency agreements that are legally binding on the signing counterparts. The operations of and transactions between our branches and the local branches of the insurance companies are subject to regulatory oversight of the local counterparts of the CBIRC. We therefore consider each local branch of these insurance companies as a separate customer and accordingly present the information of the top five customers of our insurance agency business on such basis.

The following tables set forth the details of the top five customers of our insurance agency business on a separate entity basis during the Track Record Period:

For the year ended December 31, 2015

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2015
		(RMB in thousands, except percentages)		
Company A1	Eastern sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	49,687	32.3%	4.1
Company A2	Qingyang sub-branch, Chengdu branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	19,442	12.6%	4.8

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2015
		(RMB in thousands, except percentages)		
Company A3	Jiangning sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	17,945	11.7%	1.5
Company A4	Shanghai branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	11,521	7.5%	6.9
Company A5	Shanghai branch of a sizeable and recognized national property and casualty insurance companies in China headquartered in Shenzhen, which has a consolidated operating income of near RMB20 billion in 2017 and consolidated total assets of over RMB20 billion as of December 31, 2017.	6,326	4.1%	7.1
Total		**104,921**	**68.3%**	

For the year ended December 31, 2016

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2016
		(RMB in thousands, except percentages)		
Company A1	Eastern sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	87,170	28.5%	5.1
Company A3	Jiangning sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	49,973	16.3%	2.5
Company A2	Qingyang sub-branch, Chengdu branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	46,227	15.1%	5.8

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2016
		(RMB in thousands, except percentages)		
Company A4	Shanghai branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	11,641	3.8%	7.9
Company A6	Mentougou sub-branch, Beijing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	8,552	2.8%	6.6
Total		**203,562**	**66.5%**	

For the year ended December 31, 2017

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2017
		(RMB in thousands, except percentages)		
Company A1	Eastern sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	125,641	20.7%	6.1
Company A3	Jiangning sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	93,842	15.4%	3.5
Company A2	Qingyang sub-branch, Chengdu branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	29,727	4.9%	6.8

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2017
		(RMB in thousands, except percentages)		
Company A7	Suzhou branch of a sizeable and recognized national property and casualty insurance companies in China headquatered in Shanghai, which has a consolidated operating income of over RMB90 billion in 2017 and consolidated total assets of over RMB100 billion as of December 31, 2017.	24,848	4.1%	1.4
Company A8	Guangxi branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	15,856	2.6%	0.8
Total		**289,913**	**47.7%**	

For the nine months ended September 30, 2018

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of September 30, 2018
		(RMB in thousands, except percentages)		
Company A9	Wuxi branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	89,076	11.5%	9.1
Company A1	Eastern sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	83,611	10.8%	6.8
Company A3	Jiangning sub-branch, Nanjing branch of one of the largest national property and casualty insurance companies in China, which is listed on the Main Board of the Stock Exchange and has consolidated gross written premiums of over RMB300 billion in 2017 and consolidated total assets of over RMB500 billion as of December 31, 2017.	63,038	8.1%	4.3

Customers	Descriptions of Customers	Revenue	% of Insurance Agency Revenue	Years of Relationship as of September 30, 2018
		(RMB in thousands, except percentages)		
Company A10 . . .	Suzhou branch of one of the largest national property and casualty insurance companies in China, which has a consolidated operating income of over RMB200 billion in 2017 and consolidated total assets of over RMB300 billion as of December 31, 2017.	25,487	3.3%	2.0
Company A11 . . .	Hangzhou branch of a sizeable and recognized national property and casualty insurance companies in China headquartered in Shanghai, which has a consolidated operating income of over RMB90 billion in 2017 and consolidated total assets of over RMB100 billion as of December 31, 2017.	23,550	3.0%	2.3
Total		**284,762**	**36.7%**	

In 2015, 2016, 2017 and the nine months ended September 30, 2018, our five largest insurance agency customers, ranked on a separate entity basis, in aggregate accounted for 68.3%, 66.5%, 47.7% and 36.7% of our insurance agency segment revenue, and 43.9%, 45.1%, 35.5% and 27.4% of our total revenue from continuing operations, respectively. Our largest insurance agency customer on the other hand, ranked on a separate entity basis, accounted for 32.3%, 28.5%, 20.7% and 11.5% of our insurance agency segment revenue, and 20.8%, 19.3%, 15.4% and 8.6% of our total revenue from continuing operations, respectively, for the same periods. The level of customer concentration for our insurance agency business continued to decrease during the Track Record Period. As we are expanding our customer base, we expect the decreasing trend of customer concentration to continue.

Given that we are primarily focused on distributing automobile insurance products, our customers are generally local branches of nationwide and regional property and casualty insurance companies. In 2015, 2016 and 2017 and the nine months ended September 30, 2018, the insurance companies where the top five customers of our insurance agency business belong to in aggregate had approximately 48.3%, 68.5%, 66.9% and 70.2% of the market share in terms of total gross written premium of property and casualty companies in China. While we carry automobile insurance products of a relatively large number of insurance companies with local variations, the composition and contribution of our major insurance agency customers towards our revenue are inevitably ultimately affected by the choices and preferences of our end consumers towards the brand perception, pricing and product offerings of different insurance companies. We believe that the risk of our major customers terminating cooperation with us is not material because we do not consider there to be reasonable grounds for them to do so. Cooperation with us increases the potential for insurance companies to reach out to a broader end consumer base and sell more insurance policies, and there is little or no extra cost for insurance companies except for commission fees that are only payable to us for successful transactions of insurance purchases.

We had an average of over four years of relationship with the top five customers of our insurance agency business during the Track Record Period and all of them were independent third parties. To the best knowledge of our Directors, none of our Directors, Supervisors, their respective close associates or Shareholders who own 5% or more of our issued share capital had any interest in any of the five largest customers of our insurance agency business during the Track Record Period. During the Track Record Period, none of the major customers of our insurance agency business was also a supplier of such business.

For illustrative purposes only, if our insurance agency customers were to be consolidated and presented under their respective group company level, our five largest insurance agency customers (on group level) in aggregate would have accounted for 85.3%, 86.5%, 87.3% and 84.6% of our insurance agency segment revenue, and 54.9%, 58.6%, 64.9% and 63.2% of our total revenue from continuing operations, respectively, for the same period. On the same consolidated group company basis, our largest insurance agency customer (on group level) would have accounted for 68.6%, 72.3%, 63.7% and 53.5% of our insurance agency segment revenue, and 44.2%, 49.0%, 47.4% and 40.0% of our total revenue from continuing operations, respectively, for the same period. During the Track Record Period and on an aggregated group company basis, our insurance agency revenue from our largest customer were contributed from 8, 27, 35 and 60 of its branch companies.

Seasonality

We generally experience a lower transaction volume for our insurance agency business during the first quarter of a given year, and remain relatively stable for the remaining three quarters of the year.

Suppliers of Our Insurance Agency Business

Suppliers of our insurance agency business primarily include (i) our external referral sources including referral service providers, external registered sales representatives and strategic channel partners, and (ii) department stores, shopping malls and petroleum companies, from which we purchase gift cards and coupons as performance rewards and incentives for certain of our external referral sources. We generally pay referral fees to external referral sources on a monthly basis.

During the Track Record Period, the top suppliers of our insurance agency business were largely separate, individual entities, save with certain referral service providers whom we engaged more than one of their subsidiaries for their services, and save for certain national petroleum companies where we purchased coupons from their subsidiaries/branches at local levels. Given that we entered into transactions and/or engagements with all our top five suppliers on an individual counterparty basis at the local level, we consider our top five suppliers, including those that are local subsidiaries or branches of a group company, as a separate supplier. Accordingly, we present the information of the top five suppliers of our insurance agency business on an individual counterparty basis.

The following tables set forth the details of the top five suppliers of our insurance agency business, on an individual counterparty basis, during the Track Record Period:

For the year ended December 31, 2015

Suppliers	Nature of Business	Purchases	% of Cost of Sales of Insurance Agency	Years of Relationship as of December 31, 2015
		(RMB in thousands, except percentages)		
Company B1 . . .	Department Store	31,584	29.3%	Unfixed term
Company B2 . . .	Petrol Company	16,521	15.3%	1.0
Company B3 . . .	Department Store	12,527	11.6%	Unfixed term
Company B4 . . .	Petrol Company	9,348	8.7%	Unfixed term
Company B5 . . .	Petrol Company	6,753	6.3%	Unfixed term
Total		**76,733**	**71.3%**	

For the year ended December 31, 2016

Suppliers	**Nature of Business**	**Purchases**	**% of Cost of Sales of Insurance Agency**	**Years of Relationship as of December 31, 2016**
		(RMB in thousands, except percentages)		
Company B6 . . .	Department Store	33,813	13.7%	Unfixed term
Company B3 . . .	Department Store	26,175	10.6%	Unfixed term
Company B5 . . .	Petrol Company	25,589	10.4%	Unfixed term
Company B7 . . .	Department Store	22,101	9.0%	Unfixed term
Company B2 . . .	Petrol Company	12,806	5.2%	2.0
Total		**120,484**	**49.0%**	

For the year ended December 31, 2017

Suppliers	**Nature of Business**	**Purchases**	**% of Cost of Sales of Insurance Agency**	**Years of Relationship as of December 31, 2017**
		(RMB in thousands, except percentages)		
Company B1 . . .	Department Store	78,164	14.4%	Unfixed term
Company B8 . . .	E-commerce Company	55,490	10.2%	0.4
Company B9 . . .	Department Store	30,607	5.6%	Unfixed term
Company B7 . . .	Department Store	25,020	4.6%	Unfixed term
Company B10. . .	Petrol Company	20,598	3.8%	1.0
Total		**209,879**	**38.6%**	

For the nine months ended September 30, 2018

Suppliers	Nature of Business	Purchases	% of Cost of Sales of Insurance Agency	Years of Relationship as of September 30, 2018
		(RMB in thousands, except percentages)		
Company B11 . . .	Sales Agent	113,839	16.0%	0.8
Company B8 . . .	E-commerce Company	98,132	13.8%	1.2
Company B12 . . .	Automobile Services Provider	82,913	11.7%	0.9
Company B13 . . .	Sales Agent	58,299	8.2%	0.8
Company B14 . . .	E-commerce Company	31,292	4.4%	0.8
Total		**384,475**	**54.1%**	

In 2015, 2016, 2017 and the nine months ended September 30, 2018, purchases from our top five suppliers of our insurance agency business on an individual counterparty basis accounted for 71.3%, 49.0%, 38.6% and 54.1% of the cost of sales of our insurance agency business, respectively, and purchases from our single largest supplier of our insurance agency business accounted for 29.3%, 13.7%, 14.4% and 16.0% of the cost of sales of our insurance agency business, respectively, for the same periods.

Given that we have a very diversified base of external referral sources, our transaction amount with any individual external registered sales representative or entrepreneurial referral service provider is typically small when compared to our overall cost of referral services. Consequently, our major suppliers during the Track Record Period were principally selected department stores, shopping malls and petroleum companies where we purchased gift cards and coupons in volume in connection with our performance rewards and incentive program, and corporate referral service providers that have a larger scale of referral service volume with us in connection with our marketing efforts.

We had on average over two years of relationship with the top five suppliers of our insurance agency business during the Track Record Period and all of them were independent third parties. To the best knowledge of our Directors, none of our Directors, Supervisors, their respective close associates or Shareholders who own 5% or more of our issued share capital had any interest in any of the five largest suppliers of our insurance agency business during the Track Record Period.

For illustrative purpose only, if our purchases were aggregated on a group company level (in respect of those referral service providers whom we engaged more than one of their subsidiaries for their services and national petroleum companies where we purchased coupons from their multiple subsidiaries/branches at local levels), the five largest suppliers of our insurance agency business would have amounted to 76.2%, 53.4%, 49.5% and 57.1% of the cost of sales of our insurance agency business, and our largest supplier would have amounted to 29.3%, 14.9%, 14.4% and 16.7% of the cost of sales of our insurance agency business in 2015, 2016, 2017 and the nine months ended September 30, 2018, respectively.

End Consumers of Our Insurance Agency Business

We sell the insurance products primarily to individual end consumers. We are not a party to the insurance policies underwritten by insurance companies, and generally do not enter into any agreements with our end consumers.

We actively promote insurance products we carry to end consumers. Through our omni-channel marketing network, we contact potential end consumers with our target demographics on a regular basis. We also keep track of our end consumers who bought insurance products from us. Our insurance app automatically reminds our external referral sources of end consumers introduced or serviced by them if their relevant policies will expire in the near term, thus enabling us to remind them to renew their insurance policies with us.

AUTOMOBILE BUTLER SERVICES BUSINESS

We integrate the service capabilities of various automobile after-sales service providers and customize automobile butler service packages to our customers, which we consider as our "butler partners", for enjoyment by end consumers under the reward programs or customer loyalty programs of our butler partners. Based on the needs and budgets of our butler partners, we design customized butler service packages which may vary by types, numbers, locations and terms of automobile butler services available to end consumers.

Our Automobile Butler Services and Butler Service Network

Our automobile butler service packages may include gas coupons, gift cards, as well as coupons or electronic vouchers of various automobile butler services provided by a list of selected butler service providers tailored for the specific requirements of our customers. These automobile butler services may be roughly categorized into drop-in services and reservation services. We provide these services through certain enterprises and individuals in the automobile after-sales service industry, which we consider as our "butler service providers". As advised by our PRC Legal Advisors, the butler service providers are liable for tort claims for any damages arising from their services, while our butler partners are liable for contractual claims for any damages arising from the services of the butler service providers. Our butler partners have the contractual rights to seek indemnity from us pursuant to our agreements with the butler partners, and we in turn have contractual rights to seek indemnity from the butler service providers pursuant to our agreements with the butler service providers.

As of September 30, 2018, we had a network of more than 18,000 brick-and-mortar butler service providers, calculated as the number of registered users of our Shengda Merchant app who have installed but not removed such app, as well as approximately 115 car services, leasing and roadside assistance companies.

Drop-In Services

Our drop-in services consist primarily of the services provided by car wash and beauty stores and maintenance services providers. We have developed our Shengda Merchant app (盛大商戶端), one of our butler apps, primarily to facilitate the service process of our drop-in services. Our butler service providers which provide the drop-in services are primarily registered users of the Shengda Merchant app. For convenience of services, our butler service providers with multiple stores generally register an individual account for each of their stores. As of December 31, 2015, 2016, 2017 and September 30, 2018, our Shengda Merchant app had over 3,000, 8,000, 14,000 and 18,000 registered users, which are primarily brick-and-mortar stores of our butler service providers which provide drop-in services. We customize our butler partners a list of stores of butler service providers suitable for their requirements out of all stores of our butler service providers. To access our drop-in services, end consumers may elect to go to any store on the list without making any reservations.

Set forth below is a summary of our drop-in services:

- *Automobile beauty services.* Our automobile beauty services include car wash, waxing, refinishing, cleaning, polishing and paint repairing services.

- *Maintenance services.* Our maintenance services include oil change, oil filter change, tire maintenance, and other minor tune-up services.

- *Safety checkup services.* Our safety checkup services include routine checkups of the engine, brake, panel, tires, meters, battery and other functioning parts of the automobile.

Reservation Services

Some of our automobile butler services require reservation with our butler partners or us, usually through our butler partners' mobile apps. Our reservation services are typically provided by major auto services, leasing and professional roadside assistance companies, as well as individual driver who are typically registered users of our Shengda Driver app (盛大司機端), one of our butler apps designed primarily to facilitate our reservation services. As of September 30, 2018, we collaborated with approximately 115 car services, leasing and roadside assistance companies, such as Didi, for our reservation services. In 2015, 2016, 2017 and the nine months ended September 30, 2018, 26, 21, 68 and 115 enterprise butler service providers and over 440, 370, 380 and 330 individual drivers provided reservation services for us.

Set forth below is a summary of our reservation services:

- *Designated driving.* We primarily work with designated driver service providers, such as Didi, and as supplement, individual designated drivers typically in remote areas with less designated driver service provider coverage.

- *Destination pickup services*. We collaborate with nationwide service providers, such as Didi, to provide our destination pickup services. We offer a full range of designation pickup services primarily in first-and second-tier cities, and airport and train station pickups in lower-tier cities.

- *Non-accident roadside assistance and breakdown services*. We provide non-accident roadside assistance and breakdown services, such as tire changing and battery jumping, typically through our butler service providers who are registered users of our Shengda Merchant app, which allows us to offer expedient road services at a low cost. We also collaborate with professional roadside assistance companies such as towing companies.

- *DMV services.* We provide DMV services by assisting end consumers in conducting annual inspection formalities at the offices of the department of motor vehicles on behalf of our end consumers, including picking up and delivery of automobiles for inspection.

Set forth below is a summary of our contracted service fees with our butler partners and our butler service providers in general during the Track Record Period:

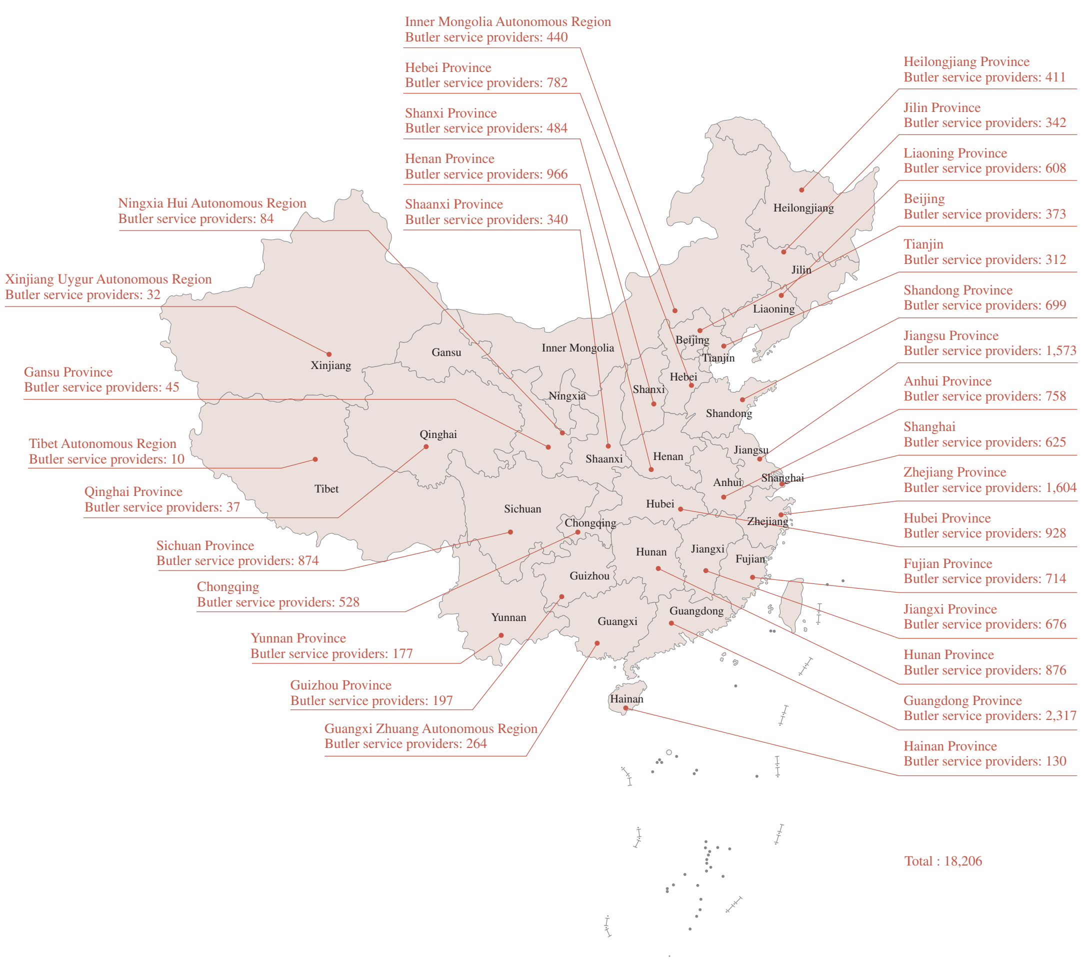
Type of service	Range of contracted service fees with our butler service providers	Range of contracted service fee with our butler partners
	(RMB)	
Drop-in Services		
Automobile beauty services	9-750	14-1,800
Maintenance services	190-390	210-700
Safety checkup services	—*	8-25
Reservation Services		
Designated driving	19-100	38-350
Destination pickup services	70-320	100-460
Non-accident roadside assistance and breakdown services	80-140	90-280
DMV services	60-250	100-260

* The safety checkup services were generally provided to us by our butler service providers on complimentary basis.

Geographic Distribution

We operate our automobile butler services business primarily in China. As of September 30, 2018, we had established a service network of more than 18,000 brick-and-mortar butler service providers that spreaded over more than 2,000 districts and counties in more than 300 cities in 31 provinces, autonomous regions and municipalities in China. In addition, we collaborated with 115 car services, leasing and roadside assistance companies as of September 30, 2018. Our extensive service network enabled us to serve more than 200 institutional customers in terms of contract counterparties as of the same date.

The following map sets forth geographic presence of our automobile butler service network for both our drop-in services and reservation services as of September 30, 2018:



* The number of butler service providers represents only brick-and-mortar providers which provide our drop-in services.

Management of Our Butler Service Providers

We select and engage our butler service providers based on our business needs from time to time. We have set up standard internal policies and procedures for our selection of butler service providers. We evaluate our butler service providers based on their business operation scope, financial situation, status of their vehicles, staff, and reputation. We require our butler service providers to have obtained all required qualifications necessary for their services and maintain adequate insurance in line with market practice. We maintain a database of our butler service providers' business licenses that contain their qualifications. Our automobile butler processing department monitors the database and request the butler service providers to provide updated business licenses to us upon expiration. For our drop-in services, we also impose requirements for business areas, uniforms, store decoration, and clear pricing. Certain of our butler service providers may also act as external referral sources of our insurance agency business by referring potential insurance purchasers to us.

We require our butler service providers to maintain consistent service standards. For our drop-in services, we usually require our butler service providers to be able to provide multiple types of drop-in services. For our reservation services, we generally require enterprise butler service providers to provide 24-hour around-the-clock services. We also require all the drivers involved in our automobile butler services to have a minimum of five years of driving experience. We prefer to engage major car service chains, as we believe they are generally more capable of providing consistent quality services. As of September 30, 2018, 40 major car service chains, including Chexiang and Cars One, provided automobile butler services to us.

We enter into standard agreements with our butler service providers. Under such agreements, we generally pay our butler service providers a fixed service fee for a single service provided by them. Such service fee varies depending on the types of services provided, location of the butler service provider and timing of the service provided. Certain of our butler service providers, more typically individual entrepreneurs, are procured through labor dispatching companies. We maintain a record of our reservation services as the end consumers make reservation. On the other hand, we rely on our automobile butler app to track the drop-in services provided by our butler service providers.

After we engage a particular drop-in butler service provider, we communicate with it on a monthly basis and conduct regular visits to its store(s). As of September 30, 2018, we had a team of over 60 that conducts site visits to multiple butler service providers on a daily basis around the year to ensure that we pay on-site visits to a majority of our butler service providers at least once a month. We also provide periodic training to our automobile butler service providers, including training on the automobile butler app and service standards and procedures. In addition, we have also set up an end consumer feedback system and we actively process end consumer feedbacks. According to our internal policy, within one month of receiving a customer complaint regarding a particular drop-in butler service provider, we will conduct site visit and provide special training in relation to our service standards to that butler service provider until it reaches our service standards. If a butler service provider repeatedly fails to provide quality services to our end consumers and receives multiple complaints, we may terminate our agreement with it. In 2015, 2016, 2017 and the nine months ended September 30, 2018, we terminated 125, 329, 430 and 450 of our butler service providers, most of which were inactive or failed to meet our requirements.

Collaboration Agreement with Chexiang

In June 2018, we entered into a framework collaboration agreement with Chexiang, which operated a chain of over 1,000 automobile after-sales service stores in China. Pursuant to this collaboration agreement, the Chexiang stores as our butler service providers, and in cities we operate insurance agency business, also act as external referral sources for our insurance agency business.

Salient terms of the framework collaboration agreement with Chexiang includes:

- *Insurance marketing collaboration*. Chexiang will act as an external referral source for us and collaborate with us to refer new cars owners to purchase automobile insurance through us.

- *Chexiang network*. All Chexiang stores throughout China will become part of our network for insurance agency business or automobile butler business.

- *Investment Opportunities*. Both parties agree to collaborate towards the goal of integrating and building a closed-circuit automobile after-sales ecosystem, including investing in quality enterprises in the automobile after-sales market if such opportunity arises and suitable candidates are identified.

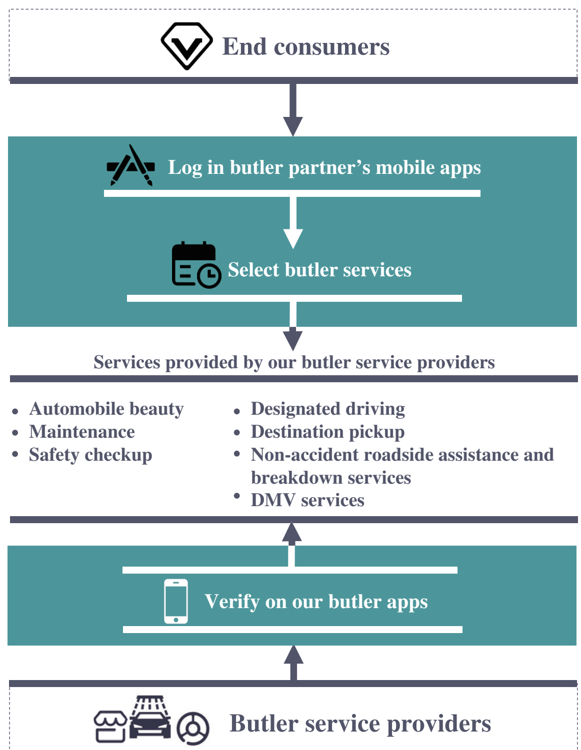
- *Term of collaboration*. The term of the strategic collaboration agreement is from June 2018 to December 2021. The collaboration agreement will be automatically renewed for another year if no objection by either party is raised in writing.

- *Separate Agreement*. The strategic collaboration agreement is in the form of a framework agreement and the parties will enter into separate agreements to effect details of the collaboration.

As we and Chexiang are both interested in expanding the coverage of our respective service networks and deepening our collaboration, we are together exploring the operation of dual-branded stores with certain of our butler service providers that meet the standards of both Chexiang and us. Upon agreement with any such butler service provider, it will remove its original brand and use the dual brand "Chexiang" and "Shengda Automobile Butler". Chexiang and we will collaborate in co-managing the store to enhance its service quality and results of operations. We plan to expand our collaboration with Chexiang, and especially, introduce more dual-branded stores that are capable of providing quality automobile butler services. As at the Latest Practicable Date, we were in discussion with Chexiang on the details and specifics of our cooperative arrangements and had not officially opened any dual-branded stores.

Online-to-Offline Service Process

Historically, we provided our butler partners paper coupons which could be used to redeem services at our butler service providers. In connection with the launch of our butler apps and the automobile butler services modules imbedded in our butler partners' mobile apps, we are shifting to an online-to-offline model where a lot of our butler partners have opted for electronic vouchers or barcodes which end customers receive through their mobile phones in our automobile butler service process. Nevertheless, certain of our butler partners remain opting for paper coupons, where each such paper coupons would carry a QR code to enable our butler service providers to verify such coupons through their butler app. Our online-to-offline service process is enabled by the automobile butler service modules we develop for our butler partners' mobile apps and our butler app, which connect the online interface to offline service points seamlessly. Our online-to-offline service process provides a more accurate and convenient solution to our butler partners, butler service providers and end consumers. Set forth below is an illustrative graph of the service process.



End Consumers Engaged Online

To access our drop-in services, an end consumer typically logs in the butler partner's mobile app to redeem points or logs in as a member of the reward program or customer loyalty program to enjoy our automobile butler services. We customize built-in automobile butler service modules for our butler partners opting for the online-to-offline service process, which allows end consumers to select the automobile butler service they would like to enjoy. The automobile butler service modules then automatically generates a two-dimensional barcode and/or a serial code, which acts as a token for our drop-in services. For our reservation services, the automobile butler service modules imbedded in the butler partner's mobile app presents a page in which our end consumer fills in their reservation information. Our end consumer service representative will call the end consumer to confirm his or her reservation and arrange for butler service providers accordingly. Our end consumers may also call our end consumer service department to confirm a reservation directly.

Services Provided Offline

We engage our butler service providers to provide various services to our end consumers. We develop and maintain our butler apps for our butler service providers. We connect our butler apps with our butler partners' systems through their APIs, which enable data transmission and integration between these systems. When an end consumer drops in the store of our butler service provider, the butler service provider scans the two-dimensional barcode or fills in the serial code generated from the automobile butler module as a token. Our butler app responds instantly as to whether the token is valid and if so, automatically records the service in the system. In addition, certain of our bank butler partners also require the end consumer to swipe their bank cards via a POS machine provided by the banks. By this means, our butler service providers verify the identities of the end consumers, and at the same time, submit service records to our system.

As soon as an end consumer makes an reservation through the automobile butler services module in the butler partner's app, our order allocation system automatically matches the reservation with an individual driver on the Shengda Driver app available to provide such service, and sends such driver a notice through the Shengda Driver app instantly, or arranges for a car service, leasing or roadside service company to provide the service accordingly.

Our system keeps a record of services provided by each butler service provider. We calculate the amount of service fees payable to different butler service providers based on such records. End consumers generally enjoy the butler service for free, and in limited occasions, end consumers pay a discounted price to our butler service providers.

Settlement with our butler partners and butler service providers

Transactional information is collected and stored in our butler system real-time throughout the transaction process, including, among others, order numbers, names of our butler partners, service types, names and locations of our service providers (generally for drop-in services), or designated drivers' information (generally for reservation services). Periodically with reference to the pre-agreed time intervals with our butler partners and also at the beginning of each month, such transactional information would be exported into an electronic file, where additional information on the contracted service fees associated with the relevant service orders (with respect to both our butler partners and our butler service providers) would be inputted and checked internally by our butler service settlement department, and thereafter passed on to our finance department for additional checking against relevant contract terms, and used for recording our corresponding fee income and service fee expenses into our accounting system. Based on the pre-agreed time intervals with our butler partners, the relevant transactional information would be sent to our butler partners for their verification and checking against their own system information. Any discrepancies or disputes on such information, including our fees payable, would be duly investigated and resolved with our butler partners on mutually agreed terms, and any resulting adjustments on our fee income would correspondingly be updated into our accounting system. Upon receipt of confirmation from our butler partners, such confirmations together with the confirmed transaction lists will be sent to our butler service settlement department, which will be checked against the relevant contract terms again before passing over to our finance department for invoice issuance.

Generally at the beginning of each month, our butler service settlement department would compile monthly transaction confirmation lists based on the electronic file as exported from our butler system and updated with relevant contracted service fees, and send over to our butler service providers for their confirmation. Following confirmation of such transactional details and receipt of invoices from our butler service providers, our butler service settlement department would conduct a final checking on the invoiced amounts and the agreed transaction confirmation lists before sending to our finance department for payment arrangements.

Customers of Our Automobile Butler Services Business

We consider customers of our automobile butler services business as our butler partners, which are primarily major commercial institutions purchasing automobile butler service packages for their reward programs or customer loyalty programs. The number of our butler partners grew significantly as our automobile butler services business expanded. As of September 30, 2018, we collaborated with more than 200 butler partners in terms of contract counterparties. During the Track Record Period, we provided automobile butler services to 25 banks at their headquarters level including, amongst others, BOC, China Merchants Bank, China Construction Bank, Agricultural Bank of China, Bank of Communications, China Guangfa Bank and Bank of Shanghai, and their 261 branches. We also collaborated with 48 insurance companies including, amongst others, PICC P&C, Ping An P&C, CPIC P&C and TPI, as well as other institutions such as Shenzhen Airlines Co. Ltd., China Mobile, and China UnionPay during the Track Record Period.

As required by applicable laws and regulations or the internal policies of our butler partners, a significant number of our butler partners select their service providers through a bidding or centralized procurement process. As a leader in the integrated automobile after-sales service market, we are usually invited by various local counterparts of nationwide financial institutions or large corporations, including telecommunications and airlines, to submit bids. We participated in over 160 biddings during the Track Record Period and maintained a success rate of at least over 60% throughout each year/period. We select certain of our butler service providers to customize such packages, typically comprising one or multiple automobile butler services, according to the requirements of the relevant butler partners.

We enter into business collaboration agreements with each of our butler partners. Salient terms of these business collaboration agreements include:

- *Services*. We offer certain automobile butler services to our butler partners. Such agreements usually specify the number and geographic locations of our butler service providers and the quality standards of relevant services.

- *Service fees*. Certain of our butler partners pay us a pre-agreed service fee for each single service provided by us. The service fee rate is usually a national or regional average fee rate for each single service provided. We generally receive such service fees on a monthly or quarterly basis.

Certain of our butler partners pay us a fixed service fee for a certain amount of automobile butler services agreed upon at the time of the agreement, or for a certain amount of reward points redeemed by end consumers, regardless of whether end consumers actually enjoy our services. Such butler partners generally settle with us at the end of their promotional periods for their reward programs and pay us three to six months after the settlement.

- *Terms.* The collaboration agreements with our butler partners generally have a term of one or two years.

- *Security Deposit*. Certain of our butler partners require us to place a security deposit with them to guarantee the quality of services provided. The amount of such security deposit usually depends on historical service fees paid by such butler partner. During the Track Record Period, we had not experienced any forfeiture of security deposits.

Major Customers

During the Track Record Period, customers of our automobile butler services comprised primarily commercial banks, insurance companies and other major commercial institutions. For each of the three years ended December 31, 2015, 2016, 2017 and the nine months ended September 30, 2018, commercial banks contributed RMB67.3 million, RMB140.4 million, RMB190.4 million and RMB226.2 million of revenue, while insurance companies contributed RMB17.4 million, RMB4.0 million, RMB16.9 million and RMB33.2 million of revenue, and other commercial institutions contributed RMB0.4 million, RMB1.2 million, RMB1.6 million and RMB3.9 million of revenue, respectively, to our automobile butler services business.

As with the case of our insurance agency customers, we generally enter into separate service contracts independently with our automobile butler services customers on their individual subsidiary, branch or functional establishment (such as card center) level or, in the case of customers that have business relationships with us at headquarters level, on a stand-alone functional basis. These subsidiaries, branches and functional establishments generally have the authority to enter into contracts in their own names and conduct biddings or centralized procurement for automobile butler services independently at their respective provincial or local level. These service contracts generally have a term of one to two years which, upon expiry, will subject us to a new round of bidding or centralized procurement process for the contract renewal. As such, we consider each of our contracting counterparts for our automobile butler services a separate customer and accordingly present the information of the top five customers of our automobile butler business on an individual counterparty basis.

The following tables set forth the details of the top five customers of our automobile butler services business, on an individual counterparty basis, during the Track Record Period:

For the year ended December 31, 2015

Customers	Nature of Business	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2015
		(RMB in thousands, except percentages)		
Company C1	Commercial Bank	37,987	44.7%	1.3
Company C2	Commercial Bank	8,451	9.9%	2.1
Company C3	Commercial Bank	8,415	9.9%	1.9
Company C4	Commercial Bank	3,761	4.4%	2.0
Company C5	Commercial Bank	3,004	3.5%	1.6
Total		**61,619**	**72.4%**	

For the year ended December 31, 2016

Customers	Nature of Business	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2016
		(RMB in thousands, except percentages)		
Company C1	Commercial Bank	49,010	33.7%	2.3
Company C2	Commercial Bank	15,512	10.7%	3.1
Company C6	Commercial Bank	12,284	8.4%	1.8
Company C3	Commercial Bank	8,752	6.0%	2.9
Company C7	Commercial Bank	8,141	5.6%	0.6
Total		**93,699**	**64.4%**	

For the year ended December 31, 2017

Customers	Nature of Business	Revenue	% of Insurance Agency Revenue	Years of Relationship as of December 31, 2017
		(RMB in thousands, except percentages)		
Company C6 . . .	Commercial Bank	36,282	17.4%	2.8
Company C1 . . .	Commercial Bank	21,464	10.3%	3.3
Company C2 . . .	Commercial Bank	15,652	7.5%	4.1
Company C7 . . .	Commercial Bank	12,566	6.0%	1.6
Company C8 . . .	Commercial Bank	9,693	4.6%	1.6
Total		**95,656**	**45.8%**	

For the nine months ended September 30, 2018

Customers	Nature of Business	Revenue	% of Insurance Agency Revenue	Years of Relationship as of September 30, 2018
		(RMB in thousands, except percentages)		
Company C1 . . .	Commercial Bank	45,176	17.2%	4.0
Company C9 . . .	Commercial Bank	17,587	6.7%	0.8
Company C7 . . .	Commercial Bank	14,793	5.6%	2.3
Company C3 . . .	Commercial Bank	12,412	4.7%	4.7
Company C2 . . .	Commercial Bank	11,770	4.5%	4.8
Total		**101,738**	**38.6%**	

In 2015, 2016, 2017 and the nine months ended September 30, 2018, the five largest customers of our automobile butler services business, on an individual counterparty basis, in aggregate accounted for 72.4%, 64.4%, 45.8% and 38.6% of the revenue for our automobile butler services business and 25.8%, 20.7%, 11.7% and 9.8% of our total revenue from continuing operations, respectively. Our largest customer for our automobile butler services business on the other hand, on an individual counterparty basis, accounted for 44.7%, 33.7%, 17.4% and 17.2% of the revenue for our automobile butler services business, and 15.9%, 10.8%, 4.4% and 4.3% of our total revenue from continuing operations, respectively, for the same period. During the Track Record Period, the five largest customers of our automobile butler services were primarily headquarters, subsidiaries and card centers of commercial banks, such as BOC, China Minsheng Bank, China Guangfa Bank and Bank of Shanghai.

Given the business model of our automobile butler services, our customers are typically sizeable corporations, mostly sizable financial institutions, with large end consumer base to warrant establishment of customer reward and loyalty programs. During the Track Record Period, our major customers were predominantly regional and functional establishments (such as card centres) of major banks in China including, without limitation, BOC, China Minsheng Bank, China Guangfa Bank and Bank of Shanghai. As customer reward and loyalty programs are becoming increasingly popular to sizeable corporations of other business disciplines typically involving massive retail consumers, we endeavored and have achieved initial success in diversifying our automobile butler services customer base to other industry disciplines including telecommunications and the airline industry. It is our intention to continue our efforts in cultivating a more diversified customer base with broader industry disciplines going forward.

We had an average of over two years of relationship with the top five customers of our automobile butler services business during the Track Record Period and all of them were independent third parties. To the best knowledge of our Directors, none of our Directors, Supervisors, their respective close associates or any Shareholders who own 5% or more of our issued capital had any interest in any of the five largest customers of our automobile butler services business during the Track Record Period. During the Track Record Period, we procured from one of our major automobile butler services customers insignificant amount of goods as part of our automobile butler service package offered to another of our automobile butler services customer. Save as the aforesaid, none of the major customers of our automobile butler services business was also a supplier of such business.

For illustrative purposes only, if our automobile butler services customers were to be consolidated and presented under their respective group company level, our five largest customers for automobile butler services (on group level) in aggregate would have accounted for 74.4%, 89.8%, 78.6% and 79.4% of our revenue for our automobile butler services business, and 26.5%, 28.9%, 20.1% and 20.1% of our total revenue from continuing operations in 2015, 2016, 2017 and the nine months ended September 30, 2018, respectively. On the same consolidated group company basis, our largest customers for automobile butler services (on group level) would have accounted for 54.5%, 62.9%, 47.1% and 63.7% of our revenue for our automobile butler services business, and 19.4%, 20.3%, 12.1% and 16.1% of our total revenue from continuing operations, respectively, for the same period. During the Track Record Period, revenue of our automobile butler services from our largest customer on an aggregated group company basis were contributed from 2, 18, 35 and 44 of its subsidiaries, branches and/or functional establishments.

Seasonality

We generally report a higher level of revenue in the second and fourth quarter of a given calendar year in line with the periodic expiry of reward points redemption of certain major automobile butler services customers during the Track Record Period.

Suppliers of Our Automobile Butler Services Business

The suppliers of our automobile butler services business primarily include (i) automobile service providers including car wash and beauty, maintenance, designated driver, destination pickup, and non-accident roadside assistance and breakdown service providers, and labor dispatching companies through which we procure certain individuals and sole proprietors in the automobile butler services business, and (ii) department stores, shopping malls and petroleum companies, from which we purchase gift cards and coupons as part of our automobile butler service packages. We generally pay service fees to butler service providers and contractors on a monthly basis.

During the Track Record Period, the top suppliers of our automobile butler services business were mainly regional branches of national petroleum companies and labor service providers. Our transactions with these top suppliers were on an individual counterparty basis and, in respect of such national petroleum companies, we typically transact with their subsidiaries/branches at local levels. We therefore consider each of these transacting counterparties as a separate supplier and accordingly present the information of the top five suppliers of our automobile butler services business based on an individual counterparty basis.

The following tables set forth the details of the top five suppliers of our automobile butler services business, on individual counterparty basis, during the Track Record Period:

For the year ended December 31, 2015

Suppliers	**Nature of Business**	**Purchases**	**% of Cost of Sales of Automobile Butler Services**	**Years of Relationship as of December 31, 2015**
		(RMB in thousands, except percentages)		
Company D1 . . .	Petrol Company	13,780	25.1%	Unfixed term
Company D2 . . .	Petrol Company	6,681	12.2%	Unfixed term
Company D3 . . .	Labor Service Provider	1,550	2.8%	1.5
Company D4 . . .	Corporate Management Service Provider(Note 1)	1,447	2.6%	1.0
Company D5 . . .	E-commerce Company	1,401	2.6%	Unfixed term
Total		**24,859**	**45.3%**	

Note 1: Company D4 principally provides administrative management services to our Group in relation to individual and sole proprietor service providers engaged in our automobile butler services business.

For the year ended December 31, 2016

Suppliers	Nature of Business	Purchases	% of Cost of Sales of Automobile Butler Services	Years of Relationship as of December 31, 2016
		(RMB in thousands, except percentages)		
Company D6 . . .	Labor Service Provider	20,868	22.9%	0.9
Company D1 . . .	Petrol Company	19,756	21.7%	Unfixed term
Company D4 . . .	Corporate Management Service Provider	11,706	12.9%	2.0
Company D2 . . .	Petrol Company	5,514	6.1%	Unfixed term
Company D7 . . .	Petrol Company	2,400	2.6%	Unfixed term
Total		**60,244**	**66.1%**	

For the year ended December 31, 2017

Suppliers	Nature of Business	Purchases	% of Cost of Sales of Automobile Butler Services	Years of Relationship as of December 31, 2017
		(RMB in thousands, except percentages)		
Company D8 . . .	Automobile Service Provider	20,465	16.2%	2.8
Company D6 . . .	Labor Service Provider	8,647	6.8%	1.9
Company D2 . . .	Petrol Company	8,202	6.5%	Unfixed term
Company D9 . . .	Service Outsourcing, Motor Vehicle Services Provider	6,724	5.3%	1.0
Company D10. . .	Petrol Company	5,340	4.2%	Unfixed term
Total		**49,378**	**39.1%**	

For the nine months ended September 30, 2018

Suppliers	Nature of Business	Purchases	% of Cost of Sales of Automobile Butler Services	Years of Relationship as of September 30, 2018
		(RMB in thousands, except percentages)		
Company D11. . .	Petrol Company	28,082	16.7%	Unfixed term
Company D12. . .	Automobile Services Provider	21,708	12.9%	1.2
Company D13. . .	Automobile Services Provider	9,453	5.6%	0.5
Company D8 . . .	Automobile Services Provider	7,753	4.6%	3.5
Company D14. . .	Petrol Company	7,017	4.2%	Unfixed term
Total		**74,013**	**44.1%**	

In 2015, 2016, 2017 and the nine months ended September 30, 2018, purchases from the top five suppliers of our automobile butler services business, on an individual counterparty basis, accounted for 45.3%, 66.1%, 39.1% and 44.1% of the cost of sales of our automobile butler services business, respectively, and purchases from our largest supplier, on an individual counterparty basis, accounted for 25.1%, 22.9%, 16.2% and 16.7% of the cost of sales of our automobile butler services business, respectively, for the same periods.

Given the significant number and the diversity of our butler service providers involved, our transaction amount with any stand-alone corporate butler service provider is usually accounted for a small portion of the overall cost of sales of our automobile butler services segment. On the other hand, we purchase coupons from dominant petroleum companies in volume for certain of our automobile butler service packages that provide coupon redemption, and we generally engage labor dispatching companies as contractors for butler service providers that are individuals or sole proprietors engaged in automobile butler services for ease of administrative management. Accordingly, the five largest suppliers of our automobile butler services business during the Track Record Period were predominantly petroleum companies, corporate butler service providers with local network of butler service providers and labor dispatching companies. We do not consider the relatively high percentage of contribution to our cost of sales from our five largest suppliers during the Track Record Period as indicative of any material risks to our automobile butler services business and operations on the basis of the relatively abundant service supply of labor dispatching companies in China, and the ample availability of corporate butler service providers across China.

We had on average over one year of relationship with the top five suppliers of our automobile butler services business during the Track Record Period and all of them were independent third parties. To the best knowledge of our Directors, none of our Directors, Supervisors, their respective close associates or any Shareholders who own 5% or more of our issued capital had any interest in any of the five largest suppliers of our automobile butler services business during the Track Record Period.

For illustrative purpose only, if our purchases made with local subsidiaries/branches of national petroleum companies were aggregated on a group company level, the five largest suppliers of our automobile butler services business would have amounted to 54.6%, 73.6%, 58.8% and 59.6% of the cost of sales of our automobile butler services business, and our largest supplier would have amounted to 37.3%, 34.6%, 26.5% and 32.7% of the cost of sales of our automobile butler services business in 2015, 2016, 2017 and the nine months ended September 30, 2018, respectively.

End Consumers of Our Automobile Butler Services Business

We provide automobile butler services to individual end consumers, who are predominantly members of the reward programs or customer loyalty programs of our butler partners. We generally do not enter into any agreements with our end consumers and do not receive any payments from these end consumers.

DISCONTINUED BUSINESS

In December 2015, we explored the automobile financial leasing business by setting up Shengshi Dalian Financial Leasing. Established in the PRC with an initial registered capital of RMB170.0 million, Shengshi Dalian Financial Leasing was owned as to 75% by our Company and 25% by Auto Market Group. In June 2017, we decided to cease our financial leasing business so that we could focus our resources on the insurance agency business and the automobile butler services business. We disposed of our interest in Shengshi Dalian Financial Leasing to one of our Controlling Shareholders, Shengda Group in December 2017, for a cash consideration of RMB89.0 million. See "History and Corporate Structure — Acquisition and Disposal During the Track Record Period — Disposal of Shengshi Dalian Financial Leasing," "Financial Information — Description of Major Components of Our Results of Operations — Discontinued Operation," and Note 11 to the Accountants' Report included in Appendix I to this prospectus.

TECHNOLOGY

The success of our business is dependent on our strong technological capabilities which support us in delivering superior user experience, safeguarding information on our platforms, increasing operational efficiency and enabling innovations. Our IT system is an essential component of our operations, and supports our entire transaction processes. We developed our IT systems and relevant software and apps on our own, which include our insurance app, our butler apps, our order allocation system, the automobile butler service modules imbedded in the apps of our butler partners and various desktop and mobile applications utilized by our employees. Key components of our technology systems include:

- *Data analytics capabilities*. Leveraging a massive end consumer base, we utilize Apache Kylin, an open-source data analytics engine to analyze the behavior and insurance data of our end consumers to accurately predict possibilities of damage claims and early termination of the insurance policy. Our data analytics capabilities enhances our ability to accurately identify potential insurance purchasers, recommend insurance products and reach other key performance indicators as requested by the insurance companies.

- *Highly automated process*. Throughout the life of our services, we maintain a highly automated management process. For our insurance agency business, we imbedded modules with functions including real-time insurance premium quotes enquiry and underwriting decisions that automatically interact with insurance companies we collaborate with into the insurance app and our system. Our insurance app (through the use of camera imbedded in mobile phones) and Cheyibao camera, sharing principally same functionalities but are catered for use in different scenes, allow our external referral sources to obtain the insurance validity status of an automobile by scanning its license plate, and notify our external referral sources with filtered information of automobiles with expiring insurance, which facilitates our external referral sources to conduct more targeted marketing. More specifically, our Cheyibao cameras are typically installed at structured driveways and are catered for 4S dealerships, sizeable car wash and service stations/outlets and community and property carparks to automatically scan license plates of drive-through automobiles, whereas our insurance app are installed in mobile phones which are easy to carry for manual scanning of license plates and therefore are more suited for use by our referral service providers who are individuals and sole proprietors which operate in automobile-related businesses but without appropriate scenes for fixed instalment of our Cheyibao cameras. Our technology platform enables a smooth online-to-offline experience to our butler partners, butler service providers and end consumers.

- *Data security*. We maintain an effective cyber security system to monitor and manage the traffic to our system on a real-time basis. For our daily operation, we collect and store certain personal information of our end consumers. We retrieve such information only upon user's consent and store all data in an encrypted format. We also implement multiple layers of security measures to insulate our databases from unauthorized access and use sophisticated security protocols for communications among applications.

- *Stability*. We have adopted various IT safety measures to enhance our information safety management, including firewalls, data encryption and intrusion detection. We utilize multiple data centers in different cities and maintain data redundancy through a real-time multi-layer data backup system to ensure the reliability of our network. We have implemented a disaster recovery program which enables us to react appropriately in an emergency and instantly start transferring our data to a back-up data center if needed. We manage our IT and network system risks by strengthening the security of our IT system through establishing dual-system operation.

We have established a specialized IT department to manage and improve our IT systems. As of September 30, 2018, we employed a dedicated IT team of 116 members with an average of more than three years of industry experience and approximately 70% of which holding bachelor's or above degrees. The deputy director of our IT team is project management professional certified by the Project Management Institute, a global nonprofit professional organization for project management. Our IT department is headed by Mr. Lei Zhunfu, an executive Director and chairman of our Board of Directors, who possesses a bachelor's degree in software engineering and has 11 years of professional experience relating to research and development management. In 2015, 2016 and 2017 and for the nine months ended September 30, 2018, we incurred RMB16.3 million, RMB42.6 million, RMB15.4 million and RMB24.9 million, respectively, on development and maintenance of our apps and IT systems.

On the back of our established technology capabilities and with a view of continuously utilising technology to facilitate our business growth, we have formulated strategies, initially with a time horizon of five years, to venture into the B2C services business including the intended collaborations with third party Internet platforms such as Baidu Maps, the planned development of our butler service mall and B2C butler service app, and further enhancements on our technology capabilities including upgrading existing and launching new IT infrastructure, systems, operating platforms, apps and softwares. Save for our collaboration with Baidu Maps which commenced in 2018 and pilot-launched our services in Hubei Province in January 2019, these strategies are currently planned to commence substantively, by stages, following our Listing, to be funded by the net proceeds from the Global Offering and, as needed, our internal resources. See "— Our Strategies" for further details.

END CONSUMER SERVICES AND QUALITY CONTROL

We believe that our emphasis on superior end consumer service is a significant contributor to our growth. To better serve our end consumers, we adopt end consumer-oriented business practices, such as offering 24 hour 7-day service via our service hotline through end consumer service personnel located in our customer service center in Shanghai. We also utilize our in-house sales force to serve end consumers of our insurance agency business. We receive feedbacks directly from our end consumers, and also deal with end consumer complaints directed to us from insurance companies we collaborate with for our insurance agency business and from our butler partners for our automobile butler services business. Our end consumer service center also conducts end consumer satisfaction surveys. We work to improve our end consumer experience and satisfaction by evaluating information from such surveys, call center feedbacks and feedbacks from our insurance company partners and butler partners. Our in-house sales force and end consumer service center team receives training on a regular basis and their services are monitored by quality assurance managers and are required to adhere to rigorous internal service-level standards. As of September 30, 2018, we had 26 in-house sales designated specifically for our insurance agency business, and 48 employees in our customer service center that are dedicated to providing end consumer services.

COMPETITION

The automobile insurance agency market and the integrated automobile after-sales service market in China are fragmented and competitive. We compete with online and offline insurance agencies and insurance companies to sell insurance products. We also compete with other integrated automobile after-sales service providers that offer similar services as our automobile butler services. As competition in China's integrated automobile after-sales service market intensifies, we believe that we are well positioned to take advantage of opportunities in this growing industry. For additional details regarding the competitive landscape of industries in which we operate, see "Industry Overview."

INSURANCE

We believe we maintain insurance policies covering risks in line with industry standards. We maintain limited business liability, litigation and property insurance. Furthermore, we maintain social welfare insurance for our employees as required by applicable PRC laws and regulations and other insurance we consider appropriate for our business operations. During the Track Record Period and up to the Latest Practicable Date, we had not made nor had been the subject of any material insurance claims. We believe that our insurance coverage is consistent with that of other insurance agency and automobile service companies in China. We periodically review our insurance coverage to ensure that it is adequate. However, there are certain risks for which we are not insured or which we may not have sufficient insurance coverage for losses, damages and liabilities that may arise in the course of our business operation. See "Risk Factors — Risks Relating to Our Business — Our limited insurance coverage could expose us to significant costs and business disruption."

EMPLOYEES

As of September 30, 2018, we had 699 full-time employees, all of whom had entered into employment contracts with us. As of September 30, 2018, 326 of our employees were located in our headquarters in Shanghai, and the rest of our employees operated our local branches. The following table set forth the breakdown of our employees by business functions as of September 30, 2018:

Business function	**Number of employees**	**Percentage of total**
		(%)
Insurance sales representatives	26	3.7
Network management	145	20.7
Other sales and marketing	95	13.6
Operation	156	22.3
Technology	116	16.6
Finance	72	10.3
General and administrative	89	12.7
Total	**699**	**100.0**

We offer competitive compensation to our employees. We provide benefits to our employees in accordance with PRC laws and regulations on pension insurance, health insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing fund. In addition, we provide our employees with corporate benefits such as supplementary medical insurance.

We recruit employees from a number of sources, including campus recruitment, internal applicants, search firms, advertising or the Internet along with the expansion of our business. We offer training programs to our employees, which are designed to develop their skills that we need to meet our enterprise goals and end consumer requirements.

We believe that we have maintained a good working relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, there were no material disputes arising from our employees.

LICENSES

We are subject to various regulatory licensing requirements governing our business. During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses and permits that are required for our operations. The following table sets forth our material licenses as of the Latest Practicable Date:

License	Holder	Issue Date	Expiry Date
• License for Operating Insurance Agency Business (Nationwide)	Company	October 27, 2017	November 3, 2020
• License for Operating Insurance Agency Business (Jiangsu)	Nanjing Xindaxin	September 12, 2018	September 28, 2021
• License for Operating Insurance Agency Business (Sichuan)	Chengdu Shengda	November 10, 2016	October 24, 2019
• License for Operating Insurance Agency Business (Beijing)	Beijing Beisheng	December 11, 2015	January 12, 2019*
• License for Operating Insurance Agency Business (Shanghai)	Shanghai Ainite	September 18, 2017	May 18, 2020

* Pursuant to the website of CBIRC, we have successfully renewed such license, which will expire on January 12, 2022, although we have not received the original renewed license yet.

We will apply to the relevant government authorities to renew our licenses, permits and qualification certificates prior to their expiry. The licenses for operating insurance agency business are generally renewable every three years. Our Directors believe that there will be no material legal impediment to renew the relevant qualification certificates.

In addition, we had completed relevant CBIRC filings for the establishment of all of our branches that carry out the insurance agency business as at the Latest Practicable Date. All of our external registered sales representatives were registered with the CBIRC during the Track Record Period. As confirmed by our PRC Legal Advisors, there were not laws or regulations that explicitly require the registration of in-house insurance sales personnel with the CBIRC. The Regulatory Provisions on Professional Insurance Agencies require professional insurance agencies to conduct training on professional knowledge of insurance laws and professional ethics for their in-house sales personnel, which had been complied with by us during the Track Record Period.

INTELLECTUAL PROPERTY

We regard our copyrights, service marks, trademarks, trade secrets, and other intellectual properties as critical to our success. We rely on trademarks and copyrights; trade secret protection; and non-competition, confidentiality, and license agreements with our employees, end consumers, partners, and others to protect our intellectual property rights. Before we launch any new products or services, we apply for registration of related trademarks, and software copyrights. As of the Latest Practicable Date, we had six registered trademark and 85 registered copyrights of computer software. As of the same date, we had two registered domain names that are material to our business. For detailed information regarding our trademarks and other related information, see "Appendix VII — Statutory and General Information — C. Further Information about Our Business — 2. Our Intellectual Property Rights."

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any infringement of our intellectual property rights by third parties or any infringement by us of intellectual property rights owned by third parties. Despite our precautions, it may be possible for third parties to obtain and use our intellectual properties without authorization. Furthermore, the validity, enforceability, and scope of protection of intellectual property rights in the industry we operate are uncertain and still evolving. See "Risk Factors — Risks Relating to Our Business — If we fail to protect our intellectual property rights and proprietary information, we may lose our competitive edge and our brand, reputation and operation may be materially and adversely affected." and "Risk Factors — Risks Relating to Our Business — We may be subject to intellectual property infringement claims or other allegations by third parties, which may materially and adversely affect our business, results of operations and prospects."

PROPERTIES

As of the Latest Practicable Date, we operated our businesses primarily through one owned property in Shanghai, and 75 leased properties in Shanghai and various other cities in China. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules and are principally used as office premises for our business operations. We believe that there is sufficient supply of properties in China, and thus we do not rely on existing leases for our business operations.

As of the Latest Practicable Date, our leased properties have a total gross floor area of approximately 7,823 square meters. To the best of our knowledge, all of the landlords are independent third parties. Among our leased properties:

- For 54 properties with an aggregate gross floor area of approximately 5,234 square meters, the lessors had provided the relevant ownership certificates or where the lessors were not owners of the properties, the consent letters from the owners to authorize the lessors to lease or sublease the specific properties. As advised by our PRC Legal Advisors, these leases are legal and valid.

- For 11 properties with an aggregate gross floor area of approximately 728 square meters, the lessors had not provided the relevant ownership certificates.

- For 10 properties with an aggregate gross floor area of approximately 1,861 square meters, the lessors were not owners of the properties and had not provided the consent letters from the owners to authorize the lessors to lease or sublease the specific properties.

As advised by our PRC Legal Advisors, lessors are not entitled to lease properties if they do not have ownership of such properties or consent from the properties' owners authorizing the lease. If any third party raises claims against the ownership or leasing rights of such properties, our leases in respect of such properties may be affected. In the event that we are not able to continue to use such properties due to the defective titles of such properties, we believe that we will be able to find comparable properties as alternatives at relatively comparable costs, and such relocation will not have material adverse effect on our financial condition or our results of operations.

As at the Latest Practicable Date, we failed to register 71 lease agreements with a total gross floor area of over 7,119 square meters as the tenant. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Advisors have advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. Based on the number of our unregistered leases as at the Latest Practicable Date, we estimate that the total maximum penalty for unregistered leases would be approximately RMB710,000. See "Risk Factors — Risks Relating to Our Business — We may not be able to use certain of our leased properties due to defects related to these properties."

As at the Latest Practicable Date, we had not received any rectification order or been subject to any fines in respect of non-registration of any of our lease agreements. Our Directors believe these unregistered lease agreements would not have a material impact on our operations or financial condition. Accordingly, no provision was made in our financial statements.

In order to ensure on-going compliance with the PRC laws and regulations relating to the registration of executed lease agreements, where we are the tenant to an executed lease agreement, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities and will adopt a variety of risk control measures to mitigate such regulatory risk in the future. We have established a checklist of our leased properties with detailed information, including the status of the lease registration of office premises, to continue to liaise with the landlords with the aim of pursuing registration of our leased properties.

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

We have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations. Our employees' manual contains policies and procedures regarding work safety and occupational health issues. We provide our employees with annual medical checks and safety training. Our human resources department is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, work safety, social or environmental regulations. We were not required to and did not pay any compensation to employees in respect of claims for personal or property damages.

DATA PRIVACY MATTERS

We collect certain personal data of our actual and potential end consumers in the PRC in connection with our business and operations. The PRC has regulations in place governing the collection and usage of personal data. In particular, PRC data privacy laws require the data owner to consent to the data collection and agree to its usage. We obtain certain personal data including status of automobile insurance from our insurance company partners and butler partners. In connection with the collaboration agreements with them, their system automatically revert to our system encrypted information upon request. Our insurance company partners and butler partners represent that they have obtained consent of their customers to share such data with us. In addition, end consumers may voluntarily provide certain information to receive our services and services of our insurance company partner and butler partner. We store such data in encrypted format.

We have adopted various measures to protect user data accumulated in our systems and ensure the proper operations and integrity of our network infrastructure and information technology systems. Such measures cover key areas such as network security, access control, vulnerability management, personnel management, third party management, and data center management. See "— Technology." We have also established comprehensive guidelines and procedures to regulate the access of confidential data. To ensure information security, employee access to internal information is restricted and employees are not allowed to access certain internal information without authorization. We have adopted internal policies to ensure that authorization is tailored to employee seniority and department function so that certain information can only be obtained on an as-needed basis. Our external referral sources and butler service providers only have limited access to customer data required in their business, and they do not have access to critical confidential information such as consumer's name, phone number or bank account information, unless collected by them in the course of their own principal business. Our external referral sources only receive partially desensitized names and contact information of end consumers to verify their identities, and are only permitted to access restricted information on the insurance status of automobiles registered in the city in which they are authorized to market insurance products. Our system is only accessible from our Intranet and from our apps. We have also adopted various policies on database operation to prevent information leakage and loss of data. We also keep records of all database operations and non-routine database operations are not permitted.

In addition, we enter into confidentiality agreements with our employees, pursuant to which they undertake to keep confidential any user data and operational, financial and product information that they obtain by virtue of their employment with us. Any violation of such confidentiality obligations will result in penalty and potential termination of employment. Our standard agreements with our business partners have confidentiality clauses, pursuant to which they undertake to safeguard confidential information of the consumers and us. Any breach of such confidentiality obligations will result in penalty and potential termination of the agreement. Our PRC Legal Advisors have advised us that we are in compliance with the relevant PRC laws and regulations with respect to personal data collection and usage.

During the Track Record Period and up to the Latest Practicable Date, we had not encountered any material data privacy breach, leakage or litigation.

LEGAL PROCEEDINGS AND COMPLIANCE

General

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation. There are no legal, arbitral or administrative proceedings before any court current or pending against, or involving, the properties or the businesses of our Company or to which any of the properties or members of our Company is a subject, which would have a material adverse effect on our business, results of operations, financial condition or reputation. However, we may from time to time become a party to various legal, arbitration or administrative proceedings arising from the ordinary course of business.

During the Track Record Period and as of the Latest Practicable Date, none of our Directors, Supervisors or senior management was involved in any material litigation, arbitration or administrative proceedings.

Regulatory Inspections

The CBIRC and other PRC government authorities, including SAT, SAIC the Ministry of Human Resources and Social Security of the PRC and their affiliated institutions, from time to time make inquiries and conduct on-site or off-site examinations or investigations concerning our compliance with PRC laws and regulations, including inquiries, examinations or investigations in respect of our financial and operational compliance. During the Track Record Period and as of the Latest Practicable Date, we were not aware of any inspections or audits conducted by any PRC regulatory authorities which would have a material adverse effect on our business, financial position, results of operations or prospects. We have remedied certain minor deficiencies identified in the inspections by the local branches of the CBIRC, and the relevant CBIRC branches did not raise any objection to our remedial measures.

Non-Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material non-compliance of the laws or regulations, and we did not experience any systemic non-compliance incidents, which taken as a whole, in the opinion of our Directors, are likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we also did not experience any non-compliance of the laws or regulations, which taken as a whole, in the opinion of our Directors, reflects negatively on the ability or tendency of our Company, our Directors or our senior management, to operate our business in a compliant manner. Our PRC Legal Advisors are of the opinion that we had not committed any material non-compliance of the laws or regulations, and that we had complied with all relevant PRC laws and regulations in all material respects, during the Track Record Period and up to the Latest Practicable Date.

Set forth below is a summary of three isolated non-compliance matters during the Track Record Period and up to the Latest Practicable Date, as well as rectification actions and preventive measures that we have taken in respect of such matters:

- ***Improper Delegation of Senior Management Authority to Disqualified Personnel of Chengdu Shengda***

In December 2017, the CBIRC Sichuan branch issued an administrative penalty to Chengdu Shengda with regards to its improper delegation of senior management authority to unqualified personnel. Mr. Chaobing Chen ("**Mr. Chen**"), the interim principal of Chengdu Shengda at that time, instructed his subordinate who did not possess the relevant qualifications as required by the CBIRC to perform certain senior management duties, such as signing documents on behalf of Mr. Chen without written authorization when he was absent from the office, which were in violation of relevant PRC laws and regulations. Chengdu Shengda was imposed a fine of RMB70,000, which had been fully settled as at the Latest Practicable Date. Mr. Chen received an regulatory warning and was imposed a fine of RMB40,000, which had been fully settled as at the Latest Practicable Date. We have afterwards appointed another qualified officer to act as the principal of Chengdu Shengda.

Internal Control Measures for On-going Compliance

Our internal policies and guidelines require person who is performing senior management duties to obtain qualifications within a statutory grace period. We have designated our human resources department to continuously monitor the qualifications of the persons performing senior management duties and report to the Board on a regular basis.

- ***Payment of Inappropriate Interest to Insurance Policyholders***

Chengdu Shengda

In December 2017, the CBIRC Sichuan branch issued an administrative penalty to Chengdu Shengda with regards to its payment of inappropriate interest not stipulated in insurance policies to insurance policyholders. In August 2016, Chengdu Shengda gave insurance policyholders gifts with an aggregate value of RMB436,000 to promote the sales of insurance policies, which was in violation of relevant PRC laws and regulations. Such non-compliance occurred primarily because of the relevant manager's oversight of the relevant laws and regulations.

Chengdu Shengda was imposed a fine of RMB300,000, which had been fully settled as of the Latest Practicable Date. The relevant manager of Chengdu Shengda was imposed a fine of RMB50,000, which had been fully settled as of the Latest Practicable Date. We demoted the relevant manager because of her inappropriate conduct which violated our relevant internal policies and guidelines.

Ningbo Shengda

In January 2019, the CBIRC Ningbo branch issued an administrative penalty to each of Ningbo Shengda and its manager for a fine of RMB210,000 and RMB60,000, respectively, in respect of Ningbo Shengda's payment of inappropriate interest not stipulated in insurance policies to insurance policyholders. In 2017 prior to the December 2017 issuance of the "Notice on Key Issues Relating to Property Insurance Companies' Practical Operation of Auto Value-Added Services" (the "**Practical Guide**") by the China Insurance Industry Association which prescriptively sets out what may constitute auto value-added services and that gifting of car wash coupons is not explicitly identified as a type of auto value added services, Ningbo Shengda provided insurance policyholders with car wash coupons with an aggregate face value of RMB1.7 million for subscription of insurance policies, which at the relevant time was invariably perceived as permissible on the presumption that gifting of car wash coupons was a provision of auto related value-added service and not of extending inappropriate interest outside of insurance policies. The relevant penalties have been fully settled as of the Latest Practicable Date.

Internal Control Measures for On-going Compliance

On the corporate control level, we have been organizing periodic trainings to our employees with the aim of alerting them of and ensuring their compliance with our internal policies and guidelines. We have also been enhancing the monitoring of the implementation of our internal policies relating to code of conduct and sales practices.

On an operational level, we have implemented stringent reimbursement policies in connection with expenses incurred by eligible employees, namely, employees at the city manager level and above, to ensure no rebates will be given to end consumers as inducement to purchase insurance. Eligible employees are required to fill out expense reports when seeking reimbursement and our finance department and administrative department scrutinize the expense reports to ensure all reimbursements are approved within the Company's approved parameters. In addition, we have adopted enhanced contract management policies for the management, review, execution and controls relating to our contracting process. Pursuant to the policies, all contracts must be scrutinized and approved by authorized persons from various departments prior to execution to effectively monitor and prevent employees from purchasing gifts to be offered as rebates to end consumers.

To stay abreast of regulatory changes in the insurance industry, we have engaged a PRC law firm to provide PRC legal advisory service to us and keep us posted of changes and updates in PRC laws and regulations. Particularly, in response to the issuance of the Practical Guide, we conducted a firm-wide internal training in relation to insurance laws and regulations in our headquarters in Shanghai shortly after its issuance. The legal department at our headquarters will continue to monitor the changes in relevant national and local laws and regulations and provide timely updates to our branches and in particular our sales teams.

As confirmed by our PRC Legal Advisors, as of the Latest Practicable Date, we had not been subject to any administrative penalty due to violation of insurance laws or regulations relating to payment of inappropriate interest to insurance policyholder that had occurred since 2018.

In the opinion of our PRC Legal Advisors, none of the above administrative penalties and non-compliance incidents will have a material adverse effect on our current business operations and financial condition or will become a legal obstacle to our Global Offering. Considering the nature, scale, reasons and potential impact of the non-compliance incidents disclosed herein, our Directors take the view that none of the non-compliance incidents had a material adverse effect on our business, financial condition or results of operations during the Track Record Period.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control and management of risk exposure are fundamental to our operations. We have established an enterprise-wide internal control framework to ensure that our operations are in compliance of the relevant laws and regulations.

The organizational structure of our internal control system includes the Board of Directors, the Audit and Compliance Committee of the Board of Directors, the Board of Supervisors, the senior management, and our various departments and branches. The Board of Directors assumes the ultimate responsibility for our internal control, risk management and compliance. The Board of Directors is responsible for establishing comprehensive internal control policies and ensure their effective implementation. The Audit and Compliance Committee is responsible for reviewing and supervising the financial reporting process, internal control and risk management system of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board. See "Directors, Supervisors and Senior Management." Our various departments and branches are responsible for strictly following our internal control policies and procedures during their daily operations.

Our internal control framework covers every key procedure during our operations, which include sales and payment collection, procurement and spending, management of tangible and intangible assets, human resources, financing, guarantee, investment, research and development, financial reporting, information system, and management of branches. We impose strict controls on appointment, authorization, approval, accounting system, property protection, budget, operational analysis, and performance review. We use information technology to enhance our internal control by automating certain operational procedures to reduce human errors. We take into account our employees' compliance with internal control policies in evaluating their performance so as to enhance their compliance awareness.

We have recently established our internal audit department, which is vested with the responsibility to conduct periodic and *ad hoc* evaluations on our various departments and branches and, if any defects are identified, reports such defects to the Board of Directors and proposes rectification measures.

In preparation of the Listing, we have engaged an independent internal control advisor to conduct a review of our internal control system. During the course of the review, the internal control advisor identified a number of areas for improvement in relation to our internal control policies and procedures, pursuant to which we have taken the internal control enhancement measures recommended by the internal control advisor.

The internal control advisor then performed a follow-up review on the enhancement measures taken by us. Based on the enterprise-wide internal control framework we have established, the circumstance leading to, nature of and counts and amounts of fines imposed for our non-compliant incidents, and after considering the rectification and enhancement measures implemented for on-going compliance and the result of the follow-up review conducted by the internal control advisor, our Directors are of the view that our internal control systems are adequate and effective for our current operational environment.

Having considered the basis of the Directors' view as stated above, the opinion of the PRC Legal Advisors as stated in "— Legal Proceeding and Compliance — Non-Compliance," and based upon the due diligence work conducted by the Joint Sponsors which includes (a) reviewing relevant documents and holding discussions with the management of the Group on the Group's internal policies and measures in preventing the reoccurrence of incidents similar to the two isolated non-compliance matters as set out in "— Legal Proceedings and Compliance — Non-Compliance," (b) reviewing the report of the Company's internal control advisor, and (c) holding discussions with the Company's internal control advisor on the Group's internal control systems, the Joint Sponsors concur with the Directors' view that our internal control systems are adequate and effective for our current operational environment.

Risk Management of Our Insurance Agency Business

The risk management structure of our insurance agency business covers our insurance agency business department, insurance agency settlement department, insurance agency finance department, administrative and legal department, and president's office at our headquarters and our regional branches.

- *Insurance Agency Business Department*: responsible for business development pursuant to our annual plans, including negotiating with insurance companies, promoting our services, drafting and executing cooperative agreements, and providing follow-up customer services.

- *Insurance Agency Settlement Department*: responsible for collecting insurance premiums from policyholders and paying premiums on behalf of them, settling the commissions with insurance companies, and settling the referral fees with external referral sources.

- *Insurance Agency Finance Department*: responsible for issuing invoices, collecting payment, and the relevant accounting procedures.

- *Administrative and Legal Department*: responsible for formulating standard form contracts, reviewing contracts, and assisting in the handling of legal disputes.

- *President's Office*: responsible for reviewing and publishing business management policies.

- *Regional Branches*: responsible for carrying out businesses and implementing the risk management policies formulated by our headquarters.

We require our employees to follow our risk management policies in engaging clients and conducting businesses. The agency agreements with insurance companies must be approved by each of the branch manager, finance department, settlement department, principal and legal department. The scope, commission rates, and other relevant information of the insurance policies will then be reviewed by our policy collection center, and input into the insurance companies' checking system for verification. If we pay insurance premiums on behalf of policyholders and later collect the premiums from them, we require the designated persons to strictly follow our accounting procedures and make proper records. The checking and settlement of commissions with insurance companies and referral fees with external referral providers are subject to stringent accounting procedures and approval from settlement department, finance department, and general manager.

Risk Management of Our Automobile Butler Services Business

The risk management structure of our automobile butler services business includes our automobile butler business department, automobile butler settlement department, automobile butler finance department, administrative and legal department, and president's office.

- *Automobile Butler Business Department*: responsible for developing business pursuant to our annual plans, including negotiating with butler partners, developing butler service providers, drafting and executing cooperative agreements, and providing follow-up customer services.

- *Automobile Butler Settlement Department*: responsible for payment settlement with butler partners and butler service providers.

- *Automobile Butler Finance Department*: responsible for issuing invoices, collecting payment, and the relevant accounting procedures.

- *Administrative and Legal Department*: responsible for formulating standard form contracts, reviewing contracts, and assisting in the handling of legal disputes.

- *President's Office*: responsible for reviewing and publishing policies relating to automobile butler services.

We require our employees to follow our risk management policies in engaging clients and conducting businesses. The service agreements with our butler partners must be approved by each of the finance department, settlement department, principal, and legal department. The scope of services, fee rates, and settlement methods must be specified in the written agreements. The qualification and service capabilities of the potential butler service providers must be submitted to the manager of the automobile butler business department for approval. We have stringent accounting procedures for use of paper coupons or electronic vouchers for both drop-in services and reservation services. We also impose strict procedural requirements for account checking and settlement.

Anti-Money Laundering

We have adopted various anti-money laundering measures in accordance with the Administration Measures for Anti-Money Laundering (《反洗錢管理辦法》). We have established an anti-money laundering committee which is vested with the responsibility to supervise our internal business procedures to prohibit the illegal sources of funds. Our anti-money laundering committee is composed of three members, who are Mr. Lei Zhunfu, the chairman, the general manager and an executive Director, Mr. Hui Dong, Executive Director, chief financial officer and secretary to the Board, and Ms. Chen Li, legal manager. We have also implemented anti-money laundering policies including (i) a real-name policy in the process of business operations, (ii) requirement of complete customer information, (iii) requirement of trackable transaction records and (iv) legitimate cash flow specifications. We have further established an anti-money laundering information reporting system, as part of the policies and procedures aimed at preventing money laundering activities. Our employees collect, analyze, monitor and preserve customer information and transaction records, and are required to report any suspicious transactions detected up to our anti-money laundering committee. We deal with any suspicious activities on a timely basis to mitigate the risk of money laundering. We also actively carry out training on anti-money laundering to enhance the awareness of anti-money laundering among our employees.

Investment Management

We have adopted an investment management policy (the "**Investment Policy**") to manage risks relating to proprietary investments and safeguard our assets. The Investment Policy is applicable to our investments in equity, debt, futures and funds of other entities, as well as our joint ventures and cooperative projects with other entities. The Investment Policy sets detailed approval procedures for our external investments and the scope of authorities of our corporate governing bodies in approving these proprietary investments. Pursuant to the Investment Policy, an approval by the Board of Director is required for, among others, (i) external investments of less than 50% of the most recent audited net assets on a cumulative basis within a given year, (ii) purchase, sale and exchange of assets of less than 30% of the most recent audited total assets on a cumulative basis within a given year, (iii) bank borrowing or private financing of less than 50% of the most recent audited total assets or less than RMB100.0 million and (iv) entrusted operations, investments in entrusted wealth management products, donations, or contracting or leasing businesses with an amount of less than 20% of the most recent audited total assets on a cumulative basis within a given year. For investments exceeding the aforementioned thresholds, the Board of Directors must organize a review by a panel of experts and submit the investment proposal to the Shareholders' meeting for approval. Investments of lesser value, such as those lower than 5% of the most recent audited net assets on an accumulated basis within one year, only require approval from the Chairman of the Board. In addition, the Investment Policy stipulates that only credible and reputable professional institutions with healthy financial condition and strong profitability would be considered as counter-parties and/or entrusted agencies for investments of wealth management products. Written agreements setting out investment amounts, term and type of the products as well rights and obligations of the contractual parties must also be entered into with such counter-parties and/or entrusted agencies, and our Board of Directors must also designate a person to monitor the status of the investments and report abnormal situations. In this connection, we have appointed our chief financial officer to be the designated person to monitor our proprietary investments.

On March 3, 2019, the Company has adopted an amended investment policy (the "**Amended Investment Policy**"), which will be effective upon Listing. In accordance with the Amended Investment Policy, these proprietary investments are subject to the approval procedures as provided for under Chapters 14 and 14A of the Listing Rules. Regardless of the amounts, investments in securities, entrusted wealth management products and derivatives shall be approved or authorized by the Board of Directors, if not otherwise required to be approved or authorized by Shareholders' meetings pursuant to the Amended Investment Policy. Furthermore, an approval by the Shareholders' meeting is required for any purchase or sale of assets, or guarantee which would have accounted for (on a cumulative basis) more than 30% of the most recent audited total assets within any given year. Investments which are not subject to the aforementioned approval procedures shall be approved by the Chairman of the Board.

BOARD OF DIRECTORS

The Board currently consists of 11 Directors, including six executive Directors, one non-executive Director and four independent non-executive Directors. The following table sets forth certain information of our Directors.

Name	Age	Position	Date of Appointment	Date of Joining our Group	Responsibilities	Relationships with other Directors, Supervisors and Senior Management
Executive Directors						
Mr. Lei Zhunfu (雷准富)	41	Chairman, Executive Director and general manager	June 19, 2015, March 23, 2014 and May 22, 2012	May 22, 2012	Formulating corporate strategy, planning, business development and supervising the overall operations of our Group. He is a member of the Strategic Development Committee and the Nomination Committee.	Brother-in-law of Mr. Ye
Mr. Ye Zaichang (葉再長)	49	Executive Director	December 22, 2017	December 5, 2007	Formulating corporate strategy, planning, business development and supervising the overall operations of our Group. He is the chairman of the Strategic Development Committee and a member of the Remuneration and Appraisal Committee.	Brother-in-law of Mr. Lei Zhunfu
Mr. Du Bohong (杜博宏)	48	Executive Director	March 23, 2014	March 6, 2008	Formulating corporate strategy, planning, business development and supervising the overall operations of our Group. He is a member of the Strategic Development Committee.	N/A

Name	Age	Position	Date of Appointment	Date of Joining our Group	Responsibilities	Relationships with other Directors, Supervisors and Senior Management
Ms. Gu Saiye (顧賽曄)	46	Executive Director and vice general manager	March 23, 2014 and February 9, 2018	March 23, 2014	Responsible for the overall operations of our Group's automobile insurance agency division. She is a member of the Strategic Development Committee.	N/A
Mr. Hui Dong (惠東)	51	Executive Director, chief financial officer and secretary to the Board	July 14, 2016, March 23, 2014 and March 23, 2014	March 23, 2014	Responsible for the financial aspects of our Group.	N/A
Mr. Luo Songlin (羅松林)	35	Executive Director	July 27, 2018	September 1, 2015	Responsible for the overall operations of our Group's automobile butler division. He is a member of the Strategic Development Committee.	N/A
Non-executive Director						
Ms. Yao Yuyi (姚育藝)	33	Non-executive Director	March 10, 2016	December 1, 2015	Providing advice to our Board.	N/A
Independent Non-executive Directors						
Mr. Fan Youyuan (范幼元)	58	Independent non-executive Director	July 27, 2018	July 27, 2018	Providing independent advice to our Board and the chairman of the Nomination Committee, a member of the Audit and Compliance Committee and a member of the Remuneration and Appraisal Committee.	N/A

Name	Age	Position	Date of Appointment	Date of Joining our Group	Responsibilities	Relationships with other Directors, Supervisors and Senior Management
Mr. He Shaojun (何紹軍)	53	Independent non-executive Director	December 22, 2017	December 22, 2017	Providing independent advice to our Board and the chairman of the Remuneration and Appraisal Committee and a member of the Audit and Compliance Committee.	N/A
Mr. Xue Wencheng (薛文成)	46	Independent non-executive Director	December 22, 2017	December 22, 2017	Providing independent advice to our Board and a member of the Audit and Compliance Committee and Nomination Committee.	N/A
Mr. Leung Siu Hong (梁兆康)	43	Independent non-executive Director	October 25, 2018	October 25, 2018	Providing independent advice to our Board and the chairman of the Audit and Compliance Committee.	N/A

Executive Directors

Mr. Lei Zhunfu (雷准富), aged 41, was appointed as a Director on March 23, 2014 and was re-designated as our executive Director on August 20, 2018. He was appointed as the chairman of the Board of Directors on June 19, 2015 and is the general manager of our Company. He joined our Group as the legal representative and an executive Director of Shengda Limited in May 2012. He was approved to serve as general manager of Shengda Limited on September 21, 2012 by the Shanghai bureau of the CIRC. He is primarily responsible for formulating corporate strategy, planning, business development and supervising the overall operations of our Group. He is a member of our Strategic Development Committee and our Nomination Committee. He has been the legal representative, a director and a general manager of Jiangsu Shengda Automobile Service Co., Ltd.* (江蘇省盛大汽車服務有限公司) ("**Jiangsu Shengda**"), a wholly-owned subsidiary of our Company, since July 2012. He has been the legal representative, an executive director and a manager of Beijing Beisheng since January 2010. He also served as the legal representative, a director and a manager of Shengshi Dalian Automobile from June 2013 to April 2016.

Mr. Lei has nearly 20 years of experience in corporate and business management. Prior to joining our Group, Mr. Lei served as a director of Shanghai Jiamei Information Advertisement Co., Ltd.* (上海嘉美信息廣告有限公司) ("**Shanghai Jiamei**") from November 2001 to April 2007. Mr. Lei served as a chief officer of Lianming Advertising from May 2007 to February 2008. He was also a chief officer of Shengda Group from February 2008 to September 2012. From December 2015 to December 2017, he also served as the legal representative of Shengshi Dalian Financial Leasing.

Mr. Lei obtained a bachelor's degree in computer software from Zhejiang University in China in June 1999.

Mr. Lei is the brother-in-law of Mr. Ye who is an executive Director of our Company.

Mr. Ye Zaichang (葉再長), aged 49, was appointed as a Director on December 22, 2017 and was re-designated as our executive Director on August 20, 2018. He is a Controlling Shareholder of our Group. He is primarily responsible for formulating corporate strategy, planning, business development and supervising the overall operations of our Group. He is the chairman of the Strategic Development Committee and a member of our Remuneration and Appraisal Committee. He established Shengda Limited, a predecessor of our Company, on December 5, 2007 and served as an executive Director and legal representative until May 2012 and served as general manager from April 2010 to May 2012. He was the legal representative, an executive director and a general manager of Jiangsu Shengda from March 2008 to July 2012.

Mr. Ye has nearly 20 years of experience in corporate and business management and over 10 years of experience in investment management. Prior to joining our Group, he served as the legal representative and an executive director of Shanghai Jiamei Shenghai Culture Communication Co., Ltd.* (上海嘉美盛海文化傳播有限公司) from December 2003 to April 2016. Mr. Ye has been a director of Shanghai Evening News Media Co., Ltd.* (上海新聞晚報傳媒有限公司) since August 2004. He has been a supervisor of Shanghai Shouheng Commercial Consulting Co., Ltd.* (上海壽恒商務諮詢有限公司) since August 2005. He has been the legal representative and chairman of Chengdu Shengda Automobile Service Co., Ltd.* (成都盛大汽車服務有限公司) ("**Chengdu Shengda Automobile**") (with no operation since 2015) since September 2007. He has been the legal representative and an executive director of Haiyan Trading since November 2012. He became the chief strategy officer of Shengda Group in March 2014. He has been the legal representative and an executive director of Jiachen Information Technology (Shanghai) Co., Ltd.* (嘉辰信息科技(上海)有限公司) since March 2007.

Mr. Ye obtained a bachelor's degree in engineering from the department of mechanical engineering of Shanghai Jiao Tong University in China in July 1991. He also obtained a master's degree in business administration from Cheung Kong Graduate School of Business in China in September 2007.

Mr. Ye is the brother-in-law of Mr. Lei Zhunfu.

Mr. Du Bohong (杜博宏), aged 48, was appointed as a Director on March 23, 2014 and was re-designated as our executive Director on August 20, 2018. He is primarily responsible for formulating corporate strategy, planning, business development and supervising the overall operations of our Group. He is a member of our Strategic Development Committee. He joined our Group in March 2008 as a supervisor of Jiangsu Shengda. He has been a supervisor of Shengshi Dalian Automobile and Chengdu Shengda since June 2013 and December 2010, respectively.

Mr. Du has nearly 20 years of experience in corporate and business management. Prior to joining our Group, Mr. Du served as a manager of Shanghai Fosun High Technology (Group) Co., Ltd.* (上海複星高科技(集團)有限公司) from March 1998 to September 2002. Mr. Du served as a manager of Shanghai Fosun Information Industry Co., Ltd.* (上海複星信息產業發展有限公司) from October 2002 to January 2003. He was a vice president at Jiamei Communication Holdings Limited* (嘉美傳播控股有限公司) from April 2003 to November 2013. Mr. Du has been a vice president of Shengda Group since December 2013.

Mr. Du obtained a college degree in financial accounting from Shanghai University in China in July 1997. Mr. Du obtained a bachelor's degree in business administration from the School of Continuing Education of Shandong University in China in January 2013. He also obtained a master's degree in business administration for senior executives from Xiamen University in China in June 2016.

Ms. Gu Saiye (顧賽曄), aged 46, was appointed as a Director on March 23, 2014 and was approved to serve as vice general manager of our Company on March 29, 2018 by the Shanghai bureau of the CIRC. She was re-designated as our executive Director on August 20, 2018. She is primarily responsible for the overall operations of our Group's automobile insurance agency division. She is a member of our Strategic Development Committee. She has been the legal representative, a director and a manager of Shengshi Dalian Automobile from April 2016 to December 2016. She has been the legal representative and a director of Shanghai Xuanbei Automobile Service Co., Ltd.* (上海炫貝汽車服務有限公司) since April 2018.

Ms. Gu has nearly 14 years of experience in corporate and business management. Prior to joining our Group, Ms. Gu served as a secretary of the general manager at China Electronics Import and Export Ningbo Branch* (中國電子進出口寧波有限公司) from July 1993 to September 1995. She served as a responsible editor of Shanghai Wanshitong Economic Information Service Co., Ltd.* (上海萬事通經濟信息有限公司) from January 1996 to September 2002. She served as an assistant to the general manager for Shanghai Jiamei from January 2004 to December 2006. Ms. Gu was a vice president of Lianming Advertising from January 2007 to February 2008. She served as a vice president of Shengda Group from February 2008 to March 2014.

Ms. Gu obtained a college degree in humanities from the University of Electronic Science and Technology of China in China in July 1993. Ms. Gu obtained a master's degree in business administration from Fudan University in China in December 2012.

Mr. Hui Dong (惠東), aged 52, was appointed as a Director on July 14, 2016. He joined our Group as a chief financial officer and secretary to the Board on March 23, 2014. He was re-designated as our executive Director on August 20, 2018. He is primarily responsible for the financial aspects of our Group. He has been a supervisor of Nanjing Xindaxin since June 24, 2014.

Mr. Hui has over 30 years of experience in finance, accounting and management. Prior to joining our Group, Mr. Hui worked as a statistician in Shanghai Mechanical and Electrical Construction Engineering Corporation* (上海機電建築工程公司) from October 1987 to February 1993. He served as a deputy director of the finance department at Shanghai Dongfeng Machinery Factory* (上海東風機器廠) from February 1993 to July 1998. Mr. Hui was a financial manager of Shanghai Shi Weier Clothing Co., Ltd* (上海史威爾服飾有限公司) from July 1998 to September 2005. He then served as an office manager for Shanghai Chuanxiang Industrial Co., Ltd.* (上海川翔實業有限公司) from February 2006 to January 2007. He worked as a financial manager of Shanghai Jiayuan Advertising Co., Ltd. (上海嘉源廣告有限公司) from April 2007 to October 2008. He served as a deputy financial director of Shengda Group from October 2008 to March 2014.

Mr. Hui completed his education specialized in accounting from Shanghai University of Finance and Economics in China in June 1995.

Mr. Luo Songlin (羅松林), aged 35, was appointed as a Director on July 27, 2018 and was re-designated as our executive Director on August 20, 2018. He is primarily responsible for the overall operations of our Group's automobile butler services division. Mr. Luo joined our Group in September 2015 as the president of Shengshi Dalian Automobile. He is a member of the Strategic Development Committee.

Mr. Luo has nearly 13 years of experience in business management. Prior to joining our Group, Mr. Luo served as a deputy general manager of the president office's department of Shanghai Jiamei from June 2005 to October 2015.

Mr. Luo obtained a college degree in business administration from Southwestern University of Science and Technology in China in July 2017.

Non-executive Director

Ms. Yao Yuyi (姚育藝), aged 33, was appointed as a Director on March 10, 2016, and was re-designated as a non-executive Director on August 20, 2018. She is primarily responsible for providing advice to our Board. She served as the chief operating officer of our Company from December 2015 to December 2017 and was responsible for the automobile financial leasing business.

Ms. Yao has over 10 years of experience in finance and management. Prior to joining our Group, Ms. Yao served as a department manager of Hang Seng Bank (China) Limited Shanghai Branch (恒生銀行(中國)有限公司上海分行) from July 2008 to June 2011. She worked as a wealth advisor of Hongxin Network Information Technology (Shanghai) Co., Ltd.* (紅欣網絡信息技術(上海)有限公司) from June 2011 to March 2012. She also served as a wealth management advisor of Shanghai Yangyi Enterprise Service Co., Ltd* (上海陽驛企業服務有限公司) from April 2012 to May 2013. Ms. Yao worked as a wealth management advisor at China CITIC Bank Corporation Limited Shanghai Branch* (中信銀行股份有限公司上海分行) from May 2013 to March 2014. She also served as a regional director of Chongqing Yunzhongshan Financial Services Co., Ltd.* (重慶雲中杉金融服務有限公司上海分公司) from April 2014 to November 2015. She has been a director of Shengshi Dalian Financial Leasing since December 2017.

Ms. Yao obtained a bachelor's degree in economics from Shanghai Institute of Foreign Trade in China in July 2008.

Independent Non-executive Directors

Mr. Fan Youyuan (范幼元), aged 58, was appointed as an independent non-executive Director on July 27, 2018. He is the chairman of the Nomination Committee and a member of the Audit and Compliance Committee and Remuneration and Appraisal Committee.

Mr. Fan has over 20 years of experience in business management. Mr. Fan held various positions in the Liberation Daily Newspaper Group* (解放日報報業集團) from January 1985 to August 2007. During his tenure with the Liberation Daily Newspaper Group* (解放日報報業集團), he worked as an editor of Liberation Daily* (解放日報), a general manager of Shanghai Liberation Advertising Co., Ltd.* (上海解放廣告有限公司), a manager of the advertising department of Liberation Daily* (解放日報), head of advertising center, research office and business development department of the Liberation Daily Newspaper Group* (解放日報報業集團) and the standing vice general manager of Shanghai Jiefang Media Investment Company Limited* (上海解放傳媒投資有限公司). Mr. Fan was the director and president of Shanghai Xinhua Media Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600825), from December 2007 to August 2009. He was also the non-executive director of Branding China Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 00863), from April 2012 to November 2015, and executive director, chief executive officer and chairman of the risk management committee from November 2015 to May 2018.

Mr. Fan obtained a bachelor's degree in philosophy from Fudan University in China in July 1983. He also received a master's degree in business administration jointly offered by The University of Hong Kong and Fudan University in China in December 2004.

Mr. He Shaojun (何紹軍), aged 53, was appointed as an independent non-executive Director on December 22, 2017. He is the chairman of the Remuneration and Appraisal Committee and a member of the Audit and Compliance Committee.

Mr. He has nearly 30 years of experience in legal and business management. He was a partner of Guangdong Desai Law Firm (廣東德賽律師事務所) from March 1994 to September 2006. Mr. He was the legal representative and chairman of Shanghai Oriental Yuhong Waterproof Technology Co., Ltd.* (上海東方雨虹防水技術有限責任公司) from May 2007 to May 2015. He was also a director of Beijing Oriental Yuhong Waterproof Technology Co., Ltd. (北京東方雨虹防水技術股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002271), from February 2013 to May 2016.

Mr. He was granted the lawyer qualification by the Department of Justice, Guangdong in China in May 1990, and was accredited as a first-grade lawyer by the Department of Personnel of Guangdong Province* (廣東省人事廳) of China in March 2005.

Mr. He obtained a doctorate degree in law from Wuhan University in China in December 1999.

Mr. Xue Wencheng (薛文成), aged 46, was appointed as an independent non-executive Director on December 22, 2017. He is a member of the Audit and Compliance Committee and Nomination Committee.

Mr. Xue has nearly 16 years of experience in the legal industry. Mr. Xue joined the Higher People's Court of Shanghai in September 2002 as an assistant judge and served as a judge from October 2004 to January 2010. Mr. Xue was the vice presiding judge of the first civil division of the Higher People's Court of Shanghai from November 2007 to January 2010. Mr. Xue served as a researcher of the Research Institution of Policy and Law on Land and Housing (華東政法學院土地與住宅政策法律研究所) of East China University of Politics and Law (華東政法學院) in January 2007. He also served as the vice president, member and judge of the judicial committee of Shanghai Qingpu People's Court (上海市青浦區人民法院) from December 2009 to September 2014. He has been a vice president of the Third Council of the Shanghai Law Society Labor Law Research Association* (上海市法學會勞動法研究會) and a part-time tutor at Koguan School of Law, Shanghai Jiao Tong University since January 2015 and December 2016, respectively. Mr. Xue is currently an extramural tutor of Shanghai University Law School. He has been a mediator of the Shanghai Joint People's Mediation Committee for Shanghai Securities, Fund and Futures Industries (上海市證券、基金、期貨業糾紛聯合人民調解委員會) since March 2017. He has been a general manager of the compliance department at Bank of China Fund Management Co., Ltd.* (中銀基金管理有限公司) since September 2014.

Mr. Xue was granted the lawyer qualification by the review committee of lawyer qualification under the Ministry of Justice of the PRC* (中國人民共和國司法部律師資格審查委員會) in June 1998 and obtained the legal practice qualification by the Ministry of Justice of the PRC in September 2002.

Mr. Xue obtained a bachelor's degree in arts specialized in political education from Henan Normal University in China in July 1995. He obtained a master's degree in law from Jilin University in China in May 1998. He also obtained a doctorate degree in law from Tsinghua University in China in January 2002.

Mr. Leung Siu Hong (梁兆康), aged 43, was appointed as an independent non-executive Director on October 25, 2018. He is the chairman of the Audit and Compliance Committee.

Mr. Leung has over 19 years of experience in accounting. From November 1997 to June 1998, he worked as a staff accountant I in Deloitte Touche Tohmatsu. From February 1999 to September 2000, he worked for Dennis Wong & Company and his last position was staff accountant III. From December 2000 to June 2002, he worked for PricewaterhouseCoopers Ltd. and his last position was senior associate. From June 2002 to July 2004, Mr. Leung worked as an associate director of BMI Consultants Limited. From September 2004 to January 2006, he worked as the chief accountant in The Trust-Mart Group Limited (好又多集團有限公司). From March 2006 to January 2008, Mr. Leung worked as a qualified accountant, financial controller and company secretary for Ta Yang Group Holdings Limited (大洋集團控股有限公司), a company listed on the Stock Exchange (stock code: 1991). Mr. Leung has been the financial controller and company secretary of China Starch Holdings Limited (中國澱粉控股有限公司), a company listed on the Stock Exchange (stock code: 3838), since February 2008.

Since March 2016, Mr. Leung has been an independent non-executive director of A. Plus Group Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 1841). He has been an independent non-executive director of China Partytime Culture Holdings Limited, a company listed on the Stock Exchange (stock code: 1532), since August 2015. Mr. Leung was an independent non-executive director of Legend Strategy International Holdings Group Company Limited, a company listed on the Stock Exchange (stock code: 1355) from June 2015 to March 2017. He was an independent non-executive director of Sanroc International Holdings Limited (currently known as Zhaobangji Properties Holdings Limited), a company listed on the Stock Exchange (stock code: 1660) from January 2017 to April 2018.

He obtained a designated degree of master of arts in accountancy (equivalent to a bachelor's degree) from the University of Aberdeen in Scotland in October 1997. He also obtained a master degree of corporate governance from The Hong Kong Polytechnic University in October 2011 and master degree of science in financial analysis from The Hong Kong University of Science and Technology in June 2014. Mr. Leung has been a member of The Association of Chartered Certified Accountants since May 2002 and has been admitted as a fellow in May 2007. Mr. Leung has also been a member of the Hong Kong Institute of Certified Public Accountants since June 2002 and has been admitted as a fellow in February 2010. He has become a fellow of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators since July 2013.

BOARD OF SUPERVISORS

The Board of Supervisors consists of three Supervisors, comprising one employees representative and two shareholders' representatives. Among the three Supervisors, the employees representative is elected by our employees while the shareholders representatives are elected by our Shareholders, all for a term of three years and renewable upon re-election and re-appointment.

The following table sets forth certain information of our Supervisors.

Name	Age	Position	Date of Appointment	Date of Joining our Group	Responsibilities	Relationships with other Directors, Supervisors and Senior Management
Mr. Yang Shuaiqi (楊帥麒)	31	Chairman of the Board of Supervisors and Shareholders representative Supervisor	September 7, 2015 and April 20, 2015	March 25, 2014	Exercising supervisory duties in accordance with regulatory requirements and the Articles of Association	N/A
Mr. Yin Xiaoming (印曉明)	47	Employees representative Supervisor	February 24, 2016	January 2, 2008	Exercising supervisory duties in accordance with regulatory requirements and the Articles of Association	N/A
Mr. Qian Yizhi (錢奕志)	40	Shareholders representative Supervisor	September 23, 2015	May 19, 2015	Exercising supervisory duties in accordance with regulatory requirements and the Articles of Association	N/A

Mr. Yang Shuaiqi (楊帥麒), aged 31, was appointed as our shareholders representative Supervisor on April 20, 2015 and the chairman of the Board of Supervisors on September 7, 2015. Mr. Yang joined our Group in March 2014 as a development director of Shengshi Dalian Automobile and was responsible for the development and maintenance of our Company's automobile butler app. He has been the legal representative, a director and a manager of Shanghai Chengle Network Technology Co., Limited* (上海丞樂網絡科技有限公司) since November 2016.

Prior to joining our Group, Mr. Yang was a software development engineer at Shanghai Yintenai Information Co., Ltd.* (上海因特奈信息有限公司) from May 2010 to July 2012. He was a technical manager of Shanghai Yuhong Information Technology Co., Ltd.* (上海宇鴻信息科技股份有限公司) from July 2012 to March 2014. He was a research and development director of Haiyan Trading from April 2014 to October 2014. From December 2015 to December 2017, he served as a supervisor of Shengshi Dalian Financial Leasing.

Mr. Yang obtained a bachelor's degree in electronic information engineering from Sanya College, Hainan University in China in June 2011. He completed a master's degree in engineering from Beijing Institute of Technology in China in January 2017.

Mr. Yin Xiaoming (印曉明), aged 47, was appointed as our employees representative Supervisor on February 24, 2016. Mr. Yin joined our Company as a deputy general manager of automobile insurance division in January 2008. He has then served as the deputy general manager of Jiangsu Shengda since January 2012 and responsible officer of our Company's Wuxi and Suzhou branches since February 2016. He was approved to serve as responsible officer of our Company's Jiangsu branch on March 29, 2016 by the Jiangsu bureau of the CIRC.

Prior to joining our Group, Mr. Yin served as a technician of Sinopec Yangzi Petrochemical Co., Ltd.* (中國石化集團揚子石油化工有限責任公司) from August 1997 to February 1998 and worked at Jiangsu Yongle Household Appliances Co., Ltd.* (江蘇永樂家用電器有限公司) until July 2007.

Mr. Yin obtained a bachelor's degree in engineering specialized in organic chemicals from Dalian University of Technology in China in July 1997.

Mr. Qian Yizhi (錢奕志), aged 40, was appointed as our shareholders representative Supervisor on September 23, 2015. Mr. Qian joined our Group as a vice president of Shengshi Dalian Automobile in May 2015 and was responsible for the business development and service network coverage. He has been the legal representative, an executive director and manager of Shengshi Dalian Automobile since December 2016.

Prior to joining our Group, Mr. Qian was the account manager of the Shanghai advertising department of the Global Times (環球時報社上海廣告部) from February 2001 to March 2002. He was a business director of Shanghai Jiamei from February 2005 to January 2014 and a business director of Shanghai Zhongrun Jiefang Media Co., Ltd.* (上海中潤解放傳媒有限公司) from February 2014 to May 2015, respectively.

Mr. Qian completed his education specialized in investment economic management from Tongling College of Finance and Economics* (銅陵財經專科學校) (currently known as Tongling University) in China in July 2000.

SENIOR MANAGEMENT

Our senior management consists of three members, namely Mr. Lei Zhunfu, Ms. Gu Saiye and Mr. Hui Dong, all of whom are executive Directors. For details of their biographies, see "— Board of Directors — Executive Directors" above.

Save as disclosed above and in "Appendix VII — Statutory and General Information — D. Further Information about our Directors and Supervisors — 3. Miscellaneous," each of our Directors and Supervisors confirms with respect to him/her that: (i) he/she has not held any directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he/she does not hold any other position in our Company or any of our subsidiaries; (iii) he/she does not have any interests in the Shares within the meaning of Part XV of the SFO; (iv) there is no other information that should be disclosed for him/her pursuant to Rule 13.51(2) of the Listing Rules; and (v) to the best of the knowledge, information and belief of our Directors and Supervisors having made all reasonable enquiries, there are no other matters with respect to the appointment of our Directors and Supervisors that needs to be brought to the attention of our Shareholders.

JOINT COMPANY SECRETARY

Ms. Jiang Hui (蔣卉), one of our joint company secretaries, joined our Company in September 2017. She is currently the secretarial assistant of the Board of Directors and a securities affairs representative, responsible for the preparation and disclosure of periodic reports and interim reports, and organizes preparations for the shareholders' meeting, the board meeting, the meeting of the board of supervisors, and duties related to investor relations.

Prior to joining our Group, she served as the securities affairs and investor relations manager of Gansu Gangtai Holdings (Group) Co., Ltd, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600687), from June 2015 to September 2017, and she was responsible for securities affairs, information disclosure, investor relations and other related work. Ms. Jiang obtained the qualification of the board secretary of the Shanghai Stock Exchange in November 2015. She also obtained the qualification of the secretary of the board of directors of the NEEQ in January 2018.

Ms. Jiang obtained a bachelor's degree in economic journalism at Yunnan University of Finance and Economics in China in July 2011 and also obtained a master's degree in journalism at Yunnan Normal University in China in June 2014.

Ms. Yu Wing Sze (余詠詩), one of our joint company secretaries, is an assistant manager of the listing services department of TMF Hong Kong Limited. She has over 10 years of working experience in company secretarial profession. She is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom. She holds a bachelor's degree in business administration from The Chinese University of Hong Kong. She is currently the joint company secretary of LH Group Limited (stock code: 1978), Bank of Qingdao Co., Ltd.* (青島銀行股份有限公司) (stock code: 3866) and AsiaInfo Technologies Limited (stock code: 1675), companies whose shares are listed on the Stock Exchange.

BOARD COMMITTEES

Audit and Compliance Committee

Our Company established an Audit and Compliance Committee with 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 14 to the Listing Rules. The Audit and Compliance Committee consists of four independent non-executive Directors, being Mr. Leung Siu Hong, Mr. Xue Wencheng, Mr. Fan Youyuan and Mr. He Shaojun. The chairman of the Audit and Compliance Committee is Mr. Leung Siu Hong, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit and Compliance Committee are to review and supervise the financial reporting process, internal control and risk management system of our Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

Nomination Committee

Our Company established a Nomination Committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Mr. Fan Youyuan and Mr. Xue Wencheng, and one executive Director, being Mr. Lei Zhunfu. The chairman of the Nomination Committee is Mr. Fan Youyuan. The primary duties of the Nomination Committee are to review the structure, size and composition of our Board, assess the independence of independent non-executive Directors and make recommendations to our Board on the appointment and removal of our Directors and senior management, and the implementation of the board diversity policy of our Company.

Remuneration and Appraisal Committee

Our Company established a Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Remuneration and Appraisal Committee consists of two independent non-executive Directors, being Mr. He Shaojun and Mr. Fan Youyuan, and one executive Director, being Mr. Ye. The chairman of the Remuneration and Appraisal Committee is Mr. He Shaojun. The primary duties of the Remuneration and Appraisal Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

Strategic Development Committee

Our Company established a Strategic Development Committee with written terms of reference. The Strategic Development Committee consists of five executive Directors, being Mr. Ye, Mr. Lei Zhunfu, Mr. Du Bohong, Ms. Gu Saiye and Mr. Luo Songlin. The chairman of the Strategic Development Committee is Mr. Ye. The primary duties of the Strategic Development Committee are to assess the Group's long-term development strategy and major investment decisions and make recommendations to our Board.

REMUNERATION POLICY

Our Directors, Supervisors and senior management receive compensation in the form of fees, salaries, allowances, benefits in kind, contributions to defined contribution retirement scheme and share-based compensation expense (if applicable) with reference to those paid by comparable companies, time commitment and the performance of our Company. Our Company also reimburses our Directors, Supervisors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Company or executing their functions in relation to the operations of our Company. We regularly review and determine the remuneration and compensation packages (including incentive plans) of our Directors, Supervisors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors, Supervisors and senior management and the performance of our Company.

COMPENSATION OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the Track Record Period, the aggregate amount of fees, salaries, allowances, benefits in kind, contributions to defined contribution retirement scheme and share-based compensation expense (if applicable) paid by our Company to our Directors and Supervisors were approximately RMB4.3 million, RMB0.8 million, RMB2.2 million and RMB1.9 million, respectively. Our Directors' and Supervisors' remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

During the Track Record Period, the aggregate amount of fees, salaries, allowances, benefits in kind, contributions to defined contribution retirement scheme and share-based compensation expense (if applicable) paid by our Company to our senior management were approximately RMB2.5 million, RMB0.2 million, RMB0.7 million and RMB0.8 million, respectively. Our senior management remuneration is determined with reference to salaries paid by comparable companies, their experience, their responsibilities and their performance.

The fees, salaries, allowances, benefits in kind, contributions to defined contribution retirement scheme and share-based compensation expense (if applicable) payable by our Company to the top five highest paid individuals (including Directors and Supervisors) during the Track Record Period, were approximately RMB4.1 million, RMB1.0 million, RMB1.7 million and RMB1.4 million, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, past Directors, our Supervisors, past Supervisors or the five highest-paid individuals for the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of our Directors or Supervisors had waived any remuneration during the Track Record Period. Save as disclosed above, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest-paid individuals during the Track Record Period.

It is estimated that under the arrangements currently in force, the aggregate amount of compensation (including fees, salaries allowances, benefits in kind, contributions to defined contribution retirement scheme and share-based compensation expense (if applicable)) payable to our Directors and Supervisors for the year ending December 31, 2019, will be approximately RMB3.7 million.

COMPLIANCE ADVISOR

Our Company has appointed Halcyon Capital Limited as our compliance advisor upon Listing pursuant to Rules 3A.19 and 19A.05 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to share issues and share repurchases;

(c) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this Prospectus or where the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this Prospectus; and

(d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares or any other matters under Rule 13.10 of the Listing Rules.

Pursuant to Rule 19A.06 of the Listing Rules, Halcyon Capital Limited will, in a timely manner, inform us of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. Halcyon Capital Limited will also inform us of any amendment or supplement to applicable laws and guidelines in Hong Kong.

The term of the appointment will commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

CORPORATE GOVERNANCE CODE

Pursuant to code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. However, we do not have a separate chairman and general manager (which is equivalent to chief executive officer) and Mr. Lei Zhunfu currently performs these two roles. Our Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairman of our Board and general manager of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, our Company expects to comply with the Corporate Governance Code set out in Appendix 14 to the Listing Rules. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports upon the Listing.

CONTROLLING SHAREHOLDERS

Our Company was initially established in the PRC as a limited liability company back in December 2007, and was subsequently converted into a joint stock limited liability company in April 2014 where Shengda Group and Jingying Advertising were the Promoters. As of the Latest Practicable Date, our Company was owned as to approximately 55.09% by Shengda Group, which is owned as to 100% by Shanghai Feiyou, which in turn is owned as to 100% by Haiyan Trading. Haiyan Trading is owned as to 100% by Auto Market Group, which in turn is owned as to 100% by China Auto, which in turn is owned as to 100% by Auto Services. Auto Services is owned as to approximately 57.86% and 10.75% by Automobile Services and YSY Group, respectively. Automobile Services is owned as to approximately 87.08% by Mr. Ye while YSY Group is owned as to 100% by Mr. Ye. Immediately following completion of the Global Offering, Shengda Group, Mr. Ye, Automobile Services, YSY Group, Auto Services, China Auto, Auto Market Group, Haiyan Trading and Shanghai Feiyou will control more than 30% of our Company's issued share capital and will continue to be the Controlling Shareholders upon the Listing for the purpose of the Listing Rules.

Concert Party Agreement

As of the Latest Practicable Date, our Company was held as to 55.09% by Shengda Group, as to 6.26% by Ningbo Shengning, as to 0.39% by Jingying Advertising and as to 0.05% by Lianming Advertising. As confirmed by the PRC Legal Advisors, it is required under the Measures for the Supervision and Administration of Unlisted Public Companies (非上市公眾公司收購管理辦法) and the definition of concerting party under the Measures for the Administration of the Takeover of Listed Companies (上市公司收購管理辦法) that Jingying Advertising, Lianming Advertising and Ningbo Shengning are treated as concerting parties with Shengda Group. In particular, Jingying Advertising has been the concerting party with Shengda Group since the quotation of our Domestic Shares on the NEEQ in December 2014 by virtue of the PRC law. Based on the foregoing, the Concert Parties, namely Shengda Group, Ningbo Shengning, Jingying Advertising and Lianming Advertising, entered into the Concert Party Agreement on July 4, 2018 to confirm their acting-in-concert relationship and to align their shareholding interests in our Company.

Pursuant to the Concert Party Agreement, each of the Concert Parties has agreed (i) to vote in concert with Shengda Group for all operational and other matters at board meetings or shareholders' meetings of our Company and (ii) that they may not sell, transfer or otherwise dispose of any of the Shares (a) without the prior consent of all Concert Parties; or (b) without the transferee agreeing to and accepting the terms of the Concert Party Agreement. Accordingly, for the purpose of the Listing Rules, the Concert Parties and Mr. Li, who owned 99% of Jingying Advertising as of the Latest Practicable Date, are our Controlling Shareholders as of the Latest Practicable Date and each of the Concert Parties are a group of Controlling Shareholders.

BACKGROUND OF THE CONTROLLING SHAREHOLDERS

Shengda Group is established in the PRC as a limited liability company on February 19, 2008, and each of Shengda Group, Automobile Services, YSY Group, Auto Services, China Auto, Auto Market Group, Haiyan Trading and Shanghai Feiyou is an investment holding company. Mr. Ye is an executive Director and has been involving in the development and strategic planning of our Group throughout the years. For details of Mr. Ye's background and experience, see "Directors, Supervisors and Senior Management — Board of Directors — Executive Directors."

BUSINESS DELINEATION

Mr. Ye, our founder, an executive Director and a Controlling Shareholder, indirectly held a majority or the entire equity interests in certain companies established in the PRC which conduct businesses such as multi-media technology software research and development and advertising design. Apart from the above, Mr. Ye also indirectly held a majority or the entire equity interests in certain companies established in the PRC which conduct automobile related business ("**Excluded Companies**"), including Geyun (Shanghai) Car Rental Service Co., Ltd.* (格運(上海)汽車租賃服務有限公司) ("**Geyun Shanghai**"), Wuhan Hulian Shengtong Auto Rental Co., Ltd.* (武漢互聯盛通汽車租賃有限公司) ("**Hulian Shengtong**") and Shanghai Shengda Jiarui Auto Sales Co., Ltd. (上海盛大嘉瑞汽車銷售有限公司) ("**Shengda Jiarui**"), which are primarily engaged in the provision of self-drive short-term and long-term car rental services (for a term ranging from one month to three years) with their own fleet of vehicles but without a designated driver and limited in scope of destination, and Shengshi Dalian Financial Leasing, which is primarily engaged in the provision of automobile finance leasing. For our automobile butler services, we provide automobile services such as car wash and beauty, maintenance services, designated driver services, destination pickup services, and non-accident roadside assistance and breakdown services, which is different from the business provided by Geyun Shanghai, Hulian Shengtong and Shengda Jiarui. On the contrary, our designated driver services and destination pickup services are one-off services provided with a designated driver for a pre-agreed and specific purpose requested by the customers of our butler partners. Our Group in turn procures such services from various butler service providers, such as Didi and individual drivers, and we pay service fees to them. None of the Excluded Companies has acted as our butler service providers. Further, our Company and its subsidiaries do not currently engage in automobile finance leasing business. Based on the foregoing, our Directors are of the view that the businesses of our Group and the Excluded Companies are different in nature and display a clear delineation and hence do not compete with one another.

RULE 8.10 OF THE LISTING RULES

Based on the foregoing and except for their respective interests in our Company and our subsidiaries, none of the Controlling Shareholders, our Directors and Supervisors or any of their respective close associates had any interest in any other companies which competes, or is likely to compete, either directly or indirectly, with the business of our Group, and would require disclosure pursuant to Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

In the opinion of our Directors, our Group is capable of carrying on our business independently of, and does not place undue reliance on, the Controlling Shareholders, their respective associates or any other parties, taking into account the following factors:

Management Independence

The management of our Company is capable of managing the business of our Group independently from Shengda Group and the Excluded Companies. Details of the roles and responsibilities of our Directors who will continue to have roles in Shengda Group and the Excluded Companies are disclosed in the following table.

	Director	Our Company	Shengda Group	Excluded Companies
1.	Mr. Ye	Executive Director	Ultimate controlling shareholder and chief strategy officer	Ultimate controlling shareholder of Chengdu Shengda Automobile, Geyun Shanghai, Hulian Shengtong and Shengda Jiarui and a director of Chengdu Shengda Automobile
2.	Mr. Du Bohong	Executive Director	Vice president	N/A
3.	Ms. Yao Yuyi	Non-executive Director	N/A	Director of Shengshi Dalian Financial Leasing

The day-to-day management of the business of our Group rests primarily with our Board and senior management. Our Board comprises six executive Directors, one non-executive Director and four independent non-executive Directors. Among the six executive Directors, only Mr. Ye and Mr. Du Bohong hold position in Shengda Group. Mr. Ye is also the ultimate controlling shareholder of Chengdu Shengda Automobile (with no operation since 2015), Geyun Shanghai, Hulian Shengtong and Shengda Jiarui, and a director of Chengdu Shengda Automobile.

We consider that our Board and senior management will function independently from the Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interest of our Company and our Shareholders and does not allow any conflict between his/her duties as a Director and his/her personal interests or his/her roles in other corporation;

(b) the four independent non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decision of our Board are made only after due consideration of independent and impartial opinions;

(c) our Company also has its own management team and, other than as disclosed above, none of our Company's other senior management staff have any role in Shengda Group and the Excluded Companies. Our Directors consider that our Board can function independently from the Controlling Shareholders notwithstanding that some of our Directors also hold positions in Shengda Group and the Excluded Companies for the following reasons:

   (i) a majority of the members of our Board are independent from the Controlling Shareholders and our Directors who hold positions in Shengda Group and the Excluded Companies do not, whether acting alone or collectively, have an absolute majority to pass any resolution of our Board;

   (ii) the day-to-day operation of our Group is not only managed by the executive Directors, but also by other senior management staff (except Mr. Lei Zhunfu, who is brother-in-law of Mr. Ye), who are all full time employees of our Group and are all independent of the Controlling Shareholders;

   (iii) there is no overlap in the independent non-executive directors of our Company, Shengda Group and the Excluded Companies, which is in line with the corporate governance best practice in Hong Kong. The independent non-executive Directors either have appropriate academic qualifications or extensive experience in different areas, and have been appointed pursuant to the requirements of the Listing Rules so as to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions; and

   (iv) our Board has put in place adequate arrangements set forth above to manage conflicts of interest, to ensure independent decision-making, to safeguard the protective measures under the NEEQ Non-Competition Undertaking and the Non-Competition Undertaking, and ultimately, to protect the interests of our Shareholders. Our Directors believe that the presence of Directors from different backgrounds provides a balance of views and opinions;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and any of our Directors or their respective associates ("**Conflicting Transaction**"), our interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum. Our interested Director(s) shall not attend any independent board committee meetings comprising only our independent non-executive Directors. In the event that there is a Conflicting Transaction which shall be submitted to our independent non-executive Directors for their consideration and approval, they shall have extensive experience and knowledge to oversee such a conflicting transaction from different aspects;

(e) our Company has also established internal control mechanism to identify related party transactions and/or connected transactions that are subject to the requirements under the Listing Rules, including the requirements of reporting, announcement and independent Shareholders' approval (where appropriate);

(f) in order to allow the non-conflicting members of our Board to function properly with the necessary professional advice, our Company will engage a third party professional advisor to advise our Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between our Group and our Directors or their respective associates;

(g) the Controlling Shareholders undertake to provide all information requested by our Group which is necessary for the annual review by our independent non-executive Directors and the enforcement of the NEEQ Non-Competition Undertaking and the Non-Competition Undertaking; and

(h) our independent non-executive Directors will, based on the information available to them, review on annual basis (i) compliance with the NEEQ Non-Competition Undertaking and the Non-Competition Undertaking; and (ii) all the decisions taken in relation to whether to pursue the new opportunity under the Non-Competition Undertaking, and to disclose all decisions on matters pertaining to the annual review either through the annual report, or by way of announcement to the public.

Our Directors are satisfied that our Board as a whole together with our senior management team will be able to perform their roles in our Group independently, and our Directors are of the view that our Group is capable of managing our business independently from the Controlling Shareholders and their respective close associates after the Listing.

Operational Independence

We own or have the right to use all the operational facilities and technologies relating to our business and hold all relevant qualifications, licenses and permits. We currently conduct our principal business independently and we have the ability to formulate and implement operational decisions independently. We also communicate with and serve our customers independently. We have sufficient capital, facilities and employees to operate our business independently. Our employees are independent from, and none of them are remunerated by, the Controlling Shareholders or their respective associates. We have our own organizational structure and departments with specific authorities independent from the Controlling Shareholders. We also maintain a comprehensive set of internal control procedures for promoting efficient business operation. With reference to relevant laws, regulations and rules, we develop sound corporate governance practice and have adopted our rules of procedure for general meeting, rules of procedure for board meeting, rules of procedure for board of supervisors meeting and rules for connected transactions. There is no competing business between the Controlling Shareholders and our Group, and the Controlling Shareholders have entered into the NEEQ Non-Competition and the Non-Competition Undertaking in favor of our Company.

During the Track Record Period, the Controlling Shareholders entered into related party transactions with our Group in the ordinary course of our business and on normal commercial terms. Such related party transactions are disclosed in Note 35 to the Accountants' Report in Appendix I to this prospectus. Such transactions, if continued after the Listing, will constitute continuing connected transactions of our Company under the Listing Rules. Our Directors confirm that all related party transactions with the Controlling Shareholders and their respective close associates, save as disclosed in "— Financial Independence" and "— Connected Transactions — Exempted Continuing Connected Transactions" below, will be discontinued upon Listing.

See "— Non-competition Undertaking" below for more details. Save as disclosed in this section and in the Accountants' Report in Appendix I to this prospectus, there were no significant business transactions between our Group and the Controlling Shareholders or their associates during the Track Record Period.

Financial Independence

Our finance department is independent from the Controlling Shareholders and their respective associates, and composed of independent finance staff. Its responsibilities include, among other things, financial control, accounting, financial reporting, group credit and internal control. None of our finance staff is currently working for the Controlling Shareholders and/or their respective associates. Our Group is capable of making financial decisions independently, and the Controlling Shareholders will not interfere with our use of funds.

We have established an independent audit system and a financial and accounting system. In addition, we manage our bank accounts independently, and do not share any bank accounts with the Controlling Shareholders and/or their respective associates.

During the Track Record Period and up to the Latest Practicable Date, we received certain financial assistance from Mr. Ye, a Controlling Shareholder and an executive Director, Ms. Lei Guimei (雷桂媚女士), spouse of Mr. Ye (together, the "**Ye's Family**"), and/or Shengda Group, a Controlling Shareholder, in respect of personal and/or corporate guarantees from them ("**Personal/Corporate Guarantees**") for certain bank loans (together, "**Guaranteed Bank Loans**") which were/are due between September 2018 and January 2020. As of January 31, 2019, the outstanding amount of such Guaranteed Bank Loans was approximately RMB130.9 million. For details of our outstanding bank loans, see "Financial Information — Indebtedness" and notes 24 and 39 in the Accountants' Report in Appendix I to this prospectus.

The Personal/Corporate Guarantees under the Guaranteed Bank Loans will not be released before Listing. Our Directors are of the view that, whilst the Guaranteed Bank Loans will still be in place after the Listing, it is not in the interests of our Group for the Personal/Corporate Guarantees to be replaced or released under the Guaranteed Bank Loans. The early replacement or release of the Personal/Corporate Guarantees requires the consent from the banks and may involve renegotiation of the terms and conditions under the Guaranteed Bank Loans, which our Directors consider would be unduly onerous for our Group and based on the current interest rates offered under the Guaranteed Bank Loans, such interest rates are more favorable than those offered by the same bank without any guarantee, the early replacement or release of the Personal/Corporate Guarantees under the Guaranteed Bank Loans would not be cost-effective for our Group.

Further, as of January 31, 2019, being the latest date for liquidity disclosure in this prospectus, our Company had credit facilities of approximately RMB315.0 million in aggregate with no guarantees provided from any party outside of our Group and no restrictions on its drawdown, of which approximately RMB280.0 million remained unutilised. However, given the prevailing economic climate where financial institutions are more likely to impose stricter or less favorable terms for banking facilities, the terms and conditions of such credit facility without guarantee from the Controlling Shareholders are generally less favorable as the existing ones. Although it is not the current intention for the Personal/Corporate Guarantees under the Guaranteed Bank Loans to be replaced or released, as mentioned above, the amount borrowed pursuant to the Guaranteed Bank Loans will be procedurally repaid after the Listing.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently and maintain financial independence from the Controlling Shareholders after the Listing.

NEEQ NON-COMPETITION UNDERTAKING

For the purpose of compliance with the requirements for the quotation of our Company's Domestic Shares on the NEEQ, Mr. Ye and Shengda Group entered into the NEEQ Non-Competition Undertaking on April 24, 2014, pursuant to which they undertook that they would not, and would procure that their controlled corporations would not, directly or indirectly, engage in any business which are or may potentially be in competition with the business carried on or contemplated to be carried on by our Company or any members of our Group.

NON-COMPETITION UNDERTAKING

Non-competition

On March 11, 2019, the Controlling Shareholders executed the Non-Competition Undertaking in favor of us which is effective in the Relevant Period (as defined below). Pursuant to the Non-Competition Undertaking, the Controlling Shareholders have confirmed that, as of the date of the Non-Competition Undertaking, each of the Controlling Shareholders and any of its close associates has not engaged in or participated in any form of business activities which, directly or indirectly, compete with our business. The Controlling Shareholders have also made irrevocable covenants to our Company that during the Relevant Period (as defined below), each of the Controlling Shareholders will not and will procure that its respective close associates will not:

(a) solely or jointly with a third party, engage in or participate in business or activity which constitute or may constitute competition with our business in any manner directly or indirectly (including but not limited to investment, merger and acquisition, associates, joint ventures, cooperation, partnership, contracting or leasing operation, purchase of shares of listed companies or equity participation) domestically or abroad; and

(b) directly or indirectly, hold any interest or obtain any control (in each case whether as a director or shareholder (other than being a director or shareholder of our Group), partner, agent or otherwise and whether for profit, reward or interest otherwise) in any business, operating entities, institutions or economic organizations, which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the business engaged by our Group domestically or abroad from time to time.

The above restrictions are not applicable to circumstances where any of the Controlling Shareholders or its close associates invests in, holds, engages in or participates in less than 10% of the equity interests in any other companies (whether listed or not) which engage in business competing with our business.

Options for New Business Opportunities

Pursuant to the Non-Competition Undertaking, each of the Controlling Shareholders undertakes that, during the Relevant Period (as defined below), if any of the Controlling Shareholders or its close associates is aware of any new business opportunity which directly or indirectly competes or may compete with our business (the "**New Business Opportunities**"), such Controlling Shareholder will notify our Company as soon as practicable in writing, and will use its best efforts to procure that the New Business Opportunity will be firstly offered to our Company. Each of the Controlling Shareholders undertakes that our Company will have right of first refusal to engage in the New Business Opportunity, pursuant to which we will be offered a period of 10 Business Days upon receipt of such written notice to decide and respond in writing on whether to exercise such option. If we decide not to proceed with the New Business Opportunity or not to provide our written response to such Controlling Shareholder within the required time, such Controlling Shareholder may himself proceed with or offer such option to third parties on conditions as stated in its written notice to us. We will comply with the requirements under Chapter 14A of the Listing Rules (as applicable) when deciding whether to exercise our option for any New Business Opportunity.

Each of the Controlling Shareholders undertakes to use its best efforts to procure its close associates to offer our Group with options for any New Business Opportunity in accordance with the requirements as stated above.

Options for Acquisitions

Pursuant to the Non-Competition Undertaking, each of the Controlling Shareholders undertakes that, subject to applicable laws, our Group is entitled to acquire any equity interest, asset or other interest in the business currently carried out by our Group from the Controlling Shareholders at any time, unless a third party exercises its right of first refusal pursuant to relevant laws or constitutional documents on the same conditions. Each of the Controlling Shareholders also undertakes that it will use its best efforts to procure its close associates to provide to us such option for their respective businesses in accordance with the provisions as stated in the Non-Competition Undertaking. We will comply with the requirements under Chapter 14A of the Listing Rules when deciding whether to exercise our option for acquisitions.

Pre-emptive Rights

Where the Controlling Shareholders have acquired any business, investment or interest in any entity relating to the business engaged by our Group from time to time pursuant to "— Options for New Business Opportunities" above, the Controlling Shareholders shall provide us with pre-emptive right (the "**Pre-emptive Right**") by way of written notice to acquire any such business, investment or interest under the same circumstances. We will be entitled to decide and respond in writing on whether to acquire such business, investment or interest to such Controlling Shareholder within 30 days upon receipt of the written notice from such Controlling Shareholder. If we decide not to proceed with such acquisition opportunity or not to provide our written response to such Controlling Shareholder within the required time, such Controlling Shareholder may offer to sell such business, investment or interest to other third parties on such terms which are no more favorable than those made available to our Group. We will comply with the provisions under Chapter 14A of the Listing Rules (as applicable) when deciding on whether it will exercise the pre-emptive right.

Each of the Controlling Shareholders undertakes that it will use its best efforts to procure its close associates to grant our Group with pre-emptive right in accordance with the Non-Competition Undertaking.

FURTHER UNDERTAKINGS FROM THE CONTROLLING SHAREHOLDERS

Each of the Controlling Shareholders further undertakes that:

(a) upon request from our independent non-executive Directors, it will provide all necessary information to our independent non-executive Directors to review the compliance with and implementation of the Non-Competition Undertaking by the Controlling Shareholders and its subsidiaries (if applicable);

(b) we can disclose the decisions made by the independent non-executive Directors regarding its compliance with and implementation of the Non-Competition Undertaking in our annual reports and announcements; and

(c) it shall make an annual statement to our Company and our independent non-executive Directors on its compliance with the Non-Competition Undertaking for disclosure in our annual reports.

We will adopt the following measures to ensure that the undertakings under the Non-Competition Undertaking are observed:

(a) we will provide the independent non-executive Directors with notices on offering or transferring the new business opportunities or pre-emptive rights provided by the Controlling Shareholders (as the case may be), within seven days upon receipt of such notices;

(b) the independent non-executive Directors will report in our annual reports (i) the results of their review on the Controlling Shareholders' compliance with the Non-Competition Undertaking and (ii) any decisions on our Company's options for New Business Opportunities and pre-emptive rights and basis for the decisions; and

(c) our Directors considers that the independent non-executive Directors have sufficient experience in assessing whether or not to take up the New Business Opportunities or exercise the pre-emptive rights. Under appropriate or necessary circumstances, our independent non-executive Directors may appoint financial advisors or experts to provide advice on whether the options or pre-emptive rights under the Non-Competition Undertaking shall be exercised and any fees incurred as a result of such shall be borne by us.

The Non-Competition Undertaking will take effect from the date of this undertaking until the occurrence of one of the following events, whichever is earlier, (the "**Relevant Period**"):

(a) when the Controlling Shareholders and his/her close associates, individually or taken as a whole, cease to be the Controlling Shareholders or controlling beneficial owners of our Company; or

(b) the H Shares cease to be listed on the Stock Exchange except for suspension of trading of H Shares due to any reasons.

Our PRC Legal Advisors are of the view that the Non-Competition Undertaking does not violate relevant laws of the PRC. Upon signing of the Non-Competition Undertaking, the undertakings made by the Controlling Shareholders pursuant to the Non-Competition Undertaking are valid under the laws of the PRC and are binding on the Controlling Shareholders, and we may enforce them by courts of the PRC.

In view of (a) the Controlling Shareholders' undertaking that it will support the development of our business on a priority basis; (b) the legally binding obligations of the Controlling Shareholders under the Non-Competition Undertaking and the options for New Business Opportunities, options for acquisitions and the pre-emptive rights granted to us thereunder; and (c) the information sharing and other mechanisms in place as described above to monitor the compliance with the Non-Competition Undertaking by the Controlling Shareholders, our Directors are of the view that our Company has taken all appropriate and practicable measures to ensure that the Controlling Shareholders will comply with its obligations under the Non-Competition Undertaking.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with our Shareholders. With corporate governance measures and the further undertaking provided by the Controlling Shareholders as mentioned above, our Directors believe that the interests of our Shareholders will be protected.

CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, after the Listing, the transactions we have entered into with our connected persons will constitute connected transactions.

Exempted Continuing Connected Transactions

Set forth below are details of continuing connected transactions between us and the Controlling Shareholders and their associates. Such transactions were entered into on normal commercial terms in the ordinary and usual course of our business, and is exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

Financial assistance received by the Group from connected persons

During the Track Record Period and up to the Latest Practicable Date, our Group had Guaranteed Bank Loans which were/are due between September 2018 and January 2020. As of January 31, 2019, being the latest practicable date for liquidity disclosure in this prospectus, the outstanding amount of such Guaranteed Bank Loans were approximately RMB130.9 million secured by the Personal/Corporate Guarantees executed by the Ye's Family and/or Shengda Group.

The Ye's Family and/or Shengda Group have not and will not receive any form of consideration from our Group for the provision of the Personal/Corporate Guarantees. The Ye's Family and/or Shengda Group have undertaken not to withdraw or release the Personal/Corporate Guarantee unless the Guaranteed Bank Loans have been fully repaid and/or the Guaranteed Bank Loans have been discharged for whatever reasons.

The Ye's Family and Shengda Group are our connected persons under the Listing Rules. The provision of the Personal/Corporate Guarantees by the Ye's Family and/or Shengda Group will constitute financial assistance in favor of our Group, and will constitute continuing connected transactions for us under Chapter 14A of the Listing Rules upon the Listing.

Since the financial assistance received by our Group from the Ye's Family and/or Shengda Group is (i) conducted on normal commercial terms or better; and (ii) not secured by the assets of our Group, it constitutes continuing connected transactions under Rule 14A.90 of the Listing Rules, which are fully exempted from shareholders' approval, annual review and all disclosure requirements applicable under Chapter 14A of the Listing Rules. Our Directors (including our independent non-executive Directors) have confirmed that the transactions contemplated under the financial assistance received by our Group from the Ye's Family and/or Shengda Group are in the ordinary and usual course of business of our Group, on normal commercial terms or better, fair and reasonable and in the interests of our Company and our Shareholders as a whole.

So far as is known to our Directors, as of the Latest Practicable Date and immediately prior to and following the completion of the Global Offering (taking no account of any H Shares which may be issued pursuant to the exercise of the Over-allotment Option), the following persons have interests or short positions in our Shares or underlying Shares which fall to be disclosed to us under the provisions of Divisions 2 and 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:

Shareholders	Nature of interest	Class of Shares	Shares directly or indirectly held as at the date of this prospectus[3]		Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)		Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)	
			Number	*Percentage (approx.)*	*Approximate % of interest in our Company*	*Approximate % of the relevant class of Shares*	*Approximate % of interest in our Company*	*Approximate % of the relevant class of Shares*
Mr. Ye[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
YSY Group[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Automobile Services[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Auto Services[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
China Auto[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Auto Market Group[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Haiyan Trading[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Shanghai Feiyou[1]	Interest in controlled corporation	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Shengda Group[1]	Beneficial Owner	Domestic Shares	70,445,000 (L)	55.09%	41.32%	55.09%	39.82%	55.09%
	Concert Party	Domestic Shares	8,560,000 (L)	6.69%	5.02%	6.69%	4.84%	6.69%
Ningbo Shengning[2]	Beneficial Owner	Domestic Shares	8,000,000 (L)	6.26%	4.69%	6.26%	4.52%	6.26%
	Concert Party	Domestic Shares	71,005,000 (L)	55.52%	41.64%	55.52%	40.14%	55.52%
Jingying Advertising[5]	Beneficial Owner	Domestic Shares	499,000 (L)	0.39%	0.29%	0.39%	0.28%	0.39%
	Concert Party	Domestic Shares	78,506,000 (L)	61.39%	46.04%	61.39%	44.38%	61.39%
Lianming Advertising[6]	Beneficial Owner	Domestic Shares	61,000 (L)	0.05%	0.04%	0.05%	0.03%	0.05%
	Concert Party	Domestic Shares	78,944,000 (L)	61.73%	46.30%	61.73%	44.63%	61.73%

Shareholders	Nature of interest	Class of Shares	Shares directly or indirectly held as at the date of this prospectus[(3)]		Immediately following the completion of the Global Offering (assuming no exercise of the Over-allotment Option)		Immediately following the completion of the Global Offering (assuming full exercise of the Over-allotment Option)	
			Number	*Percentage (approx.)*	*Approximate % of interest in our Company*	*Approximate % of the relevant class of Shares*	*Approximate % of interest in our Company*	*Approximate % of the relevant class of Shares*
Mr. Lei Zhunfu[(4)]	Interest in controlled corporation	Domestic Shares	8,000,000 (L)	6.26%	4.69%	6.26%	4.52%	6.26%
	Concert Party	Domestic Shares	71,005,000 (L)	55.52%	41.64%	55.52%	40.14%	55.52%
Mr. Li [(7)]	Interest in controlled corporation	Domestic Shares	499,000 (L)	0.39%	0.29%	0.39%	0.28%	0.39%
	Concert Party	Domestic Shares	78,506,000 (L)	61.39%	46.04%	61.39%	44.38%	61.39%
Ms. Lei Guimei[(8)]	Interest of spouse	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Ms. Ye Guanqin[(9)]	Interest of spouse	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%
Ms. Meng Yang[(10)]	Interest of spouse	Domestic Shares	79,005,000 (L)	61.78%	46.34%	61.78%	44.66%	61.78%

L = Long position

Notes:

(1) Our Company is owned as to approximately 55.09% by Shengda Group, which is owned as to 100% by Shanghai Feiyou, which is in turn owned as to 100% by Haiyan Trading, which is in turn owned as to 100% by Auto Market Group, which is in turn owned as to 100% by China Auto, which is in turn owned as to 100% by Auto Services, which is in turn owned as to approximately 57.86% and 10.75% by Automobile Services and YSY Group, respectively. Automobile Services and YSY Group are owned as to 87.08% and 100% by Mr. Ye. By virtue of the SFO, Mr. Ye is deemed to be interested in (i) the 70,445,000 Domestic Shares beneficially held by Shengda Group and (ii) the 8,560,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(2) The limited partners of Ningbo Shengning comprised 16 current and/or former members of management team and employees of our Company and the general partner of Ningbo Shengning was Shengda Huitong, a wholly-owned subsidiary of Shengda Group. Mr. Lei Zhunfu, the chairman and the general manager of our Company and an executive Director, held approximately 52.24% of the shareholding in Ningbo Shengning as a limited partner, while none of the other limited partners held more than 10% of and the shareholding in Ningbo Shengning. Of the 17 partners of Ningbo Shengning, 10 are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules. As of the Latest Practicable Date, Ningbo Shengning directly held 8,000,000 Domestic Shares, representing approximately 6.26% of the issued share capital of our Company. By virtue of the SFO, it is deemed to be interested in (i) the 8,000,000 Domestic Shares beneficially held by it and (ii) the 71,005,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(3) Same as the number of Shares held as of the date of the Listing application.

(4) Mr. Lei Zhunfu, the chairman, general manager and an executive Director, is one of the limited partners of Ningbo Shengning, who held approximately 52.24% of the shareholding in Ningbo Shengning. Shengda Group, Ningbo Shengning, Jingying Advertising and Lianming Advertising are Concert Parties under the Concert Party Agreement. By virtue of the SFO, Mr. Lei is deemed to be interested in (i) the 8,000,000 Domestic Shares beneficially held by Ningbo Shengning and (ii) the 71,005,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(5) Jingying Advertising directly held 499,000 Domestic Shares, representing approximately 0.39% of the issued share capital of our Company. By virtue of the SFO, it is deemed to be interested in (i) the 499,000 Domestic Shares beneficially held by it and (ii) the 78,506,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(6) Lianming Advertising directly held 61,000 Domestic Shares, representing approximately 0.05% of the issued share capital of our Company. By virtue of the SFO, Lianming Advertising is deemed to be interested in (i) the 61,000 Domestic Shares beneficially held by it and (ii) the 78,944,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(7) Jingying Advertising is owned as to 99% by Mr. Li and 1% by Ms. Meng Yang, spouse of Mr. Li. Shengda Group, Ningbo Shengning, Jingying Advertising and Lianming Advertising are Concert Parties under the Concert Party Agreement. By virtue of the SFO, Mr. Li is deemed to be interested in (i) the 499,000 Domestic Shares beneficially held by Jingying Advertising and (ii) the 78,506,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(8) Mr. Ye and Ms. Lei Guimei are spouses. Therefore, Ms. Lei Guimei is deemed to be interested in all the Shares that Mr. Ye is interested in pursuant to the SFO.

(9) Mr. Lei Zhunfu and Ms. Ye Guanqin are spouses. Therefore, Ms. Ye Guanqin is deemed to be interested in all the Shares that Mr. Lei Zhunfu is interested in pursuant to the SFO.

(10) Mr. Li and Ms. Meng Yang are spouses. Therefore, Ms. Meng Yang is deemed to be interested in all the Shares that Mr. Li is interested in pursuant to the SFO.

Save as disclosed in this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Global Offering (and the offering of any additional H Shares pursuant to the Over-allotment Option), have an interest or short position in the Shares or underlying shares of our Company which would be required to be disclosed to our 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 our Company.

SHARE CAPITAL

As of the Latest Practicable Date, the registered capital of our Company was RMB127,880,000 divided into 127,880,000 Domestic Shares with a nominal value of RMB1.00 each, representing 100% of the total share capital of our Company, which were all quoted on the NEEQ.

Immediately following completion of the Global Offering, assuming the Over-allotment Option is not exercised, the total share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of total issued share capital
Domestic Shares	127,880,000	75.0%
H Shares issued pursuant to the Global Offering	42,626,600	25.0%
Total	**170,506,600**	**100%**

Immediately following completion of the Global Offering, assuming the Over-allotment Option is exercised in full, the total share capital of our Company will be as follows:

Description of Shares	Number of Shares	Percentage of total issued share capital
Domestic Shares	127,880,000	72.3%
H Shares issued pursuant to the Global Offering	49,020,400	27.7%
Total	**176,900,400**	**100%**

The above tables assume the Global Offering becomes unconditional and is completed.

PUBLIC FLOAT REQUIREMENTS

Our Company undertakes that we will meet the public float requirement of at least 25% of the issuer's total issued share capital must at all times be held by the public as required under Rule 8.08(1)(a) of the Listing Rules at the time of Listing and after completion of the Global Offering. We will make appropriate disclosure of our public float and confirm the sufficiency of our public float in successive annual reports after Listing.

SHARES OF OUR COMPANY

The H Shares in issue following completion of the Global Offering and the Domestic Shares are ordinary Shares in the share capital of our Company. Domestic Shares and H Shares are regarded as different classes of shares under the Articles of Association. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Shares may only be subscribed for and traded in RMB. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect, the Shenzhen-Hong Kong Stock Connect or 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 subscribed for by or traded between legal or natural persons of the PRC. Domestic Shares, on the other hand, can be subscribed for by and traded between legal or natural persons of the PRC, qualified foreign institutional investors. The differences between Domestic Shares and H Shares, and the provisions on class rights, the dispatch of notices and financial reports to Shareholders, dispute resolution, registration of Shares on different registers of Shareholders, the method of Share transfer, appointment of dividend receiving agents and circumstances under which general meeting and class meeting are required are set out in the Articles of Association and summarized in "Summary of the Articles of Association" in Appendix VI to this prospectus. Under the Articles of Association, the rights conferred on any class of Shareholders may not be varied or abrogated unless approved by a special resolution of the general meeting of Shareholders and by the affected Shareholders at a separate meeting. The circumstances deemed to be a variation or abrogation of the rights of class Shareholders are listed in "Summary of the Articles of Association" in Appendix VI to this prospectus. However, the procedures for approval by separate classes of Shareholders do not apply (i) where we issue, upon approval by a special resolution of the Shareholders in a general meeting, either separately or concurrently once every 12 months, Shares representing no more than 20% of each of the existing issued Domestic Shares and H Shares; (ii) where our plan to issue Domestic Shares and H Shares at the time of our establishment is implemented within 15 months from the date of approval of the securities regulatory authorities of the State Council; or (iii) where the conversion of Domestic Shares for listing and trading on the Stock Exchange as H Shares has been approved by securities regulatory authorities of the State Council.

RANKING

Except for the differences set out in "— Shares of Our Company" above, Domestic Shares and H Shares will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. 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.

CONVERSION OF OUR DOMESTIC SHARES INTO H SHARES

If any of the Domestic Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. Following the grant of relevant approvals, the holder of Domestic Shares shall submit an application to us to deregister the Domestic Shares to be converted from the Domestic Share register, together with the relevant document(s) of title. Upon all the requisite approvals being obtained, we will instruct the H Share Registrar to issue certificate(s) of such number of H Shares to the relevant holders of H Shares. Registration on our H Share register will be on the condition that (i) our H Share Registrar lodging with Stock Exchange a letter confirming the proper entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates, and (ii) the admission of the H Shares to trade on the Stock Exchange will comply with the Listing Rules and the General Rules of CCASS and the CCASS Operational Procedures in force from time to time. The converted Shares will not be listed as H Shares until they are registered on our H Share register.

As a result of the conversion, the shareholding of the relevant holder of Domestic Shares in our Domestic Share capital registered shall be reduced by the number of Domestic Shares converted and the number of H Shares shall be increased by the number of converted H Shares. As of the Latest Practicable Date, our Directors were not aware of any intention of any holder of Domestic Shares to convert all or part of their Domestic Shares into H Shares.

On December 29, 2017, the CSRC issued a press release in connection with the launch of the H share full circulation pilot project (H股全流通試點項目) (the “**Pilot Project**”). A participating company in the Pilot Project would be allowed to convert certain of its domestic shares into H shares, which are eligible to be listed and traded on the Stock Exchange.

INCREASE IN SHARE CAPITAL

As advised by our PRC Legal Advisors, pursuant to the Articles of Association and subject to the requirements of relevant PRC laws and regulations, our Company, upon Listing of our H Shares, is eligible to enlarge its share capital by issuing either new H Shares or new Domestic Shares on condition that such proposed issuance shall be approved by a special resolution of Shareholders in general meeting and by holders of Shares of that class of Shareholders whose interest is affected in a separate meeting conducted in accordance with the provisions of the Articles of Association and that such issuance complies with the Listing Rules and other relevant laws and regulations of Hong Kong. To adopt a special resolution of Shareholders in general meeting, more than two thirds of the votes (including two-thirds) represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution. Resolutions of a class of Shareholders shall be passed by votes representing more than two thirds (including two-thirds) of Shareholders with voting rights attending the class Shareholders’ meeting.

REGISTRATION OF SHARES NOT LISTED ON THE OVERSEAS STOCK EXCHANGE

According to the Notice of Centralized Registration and Deposit of Non-overseas Listed Shares of Companies Listed on an Overseas Stock Exchange (關於境外上市公司非境外上市股份集中登記存管有關事宜的通知) issued by the CSRC, an overseas listed company is required to register its shares that are not listed on the overseas stock exchange with China Securities Depository and Clearing Corporation Limited within 15 Business Days upon listing and provide a written report to the CSRC regarding the centralized registration and deposit of its unlisted Shares as well as the current offering and listing of shares. Our Shares are quoted on the NEEQ and are already registered with the China Securities Depository and Clearing Corporation Limited.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders' general meeting and class Shareholders' meeting are required, please see "Shareholders and General Meetings" under "Appendix VI — Summary of the Articles of Association" in this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**", and together the "**Cornerstone Investment Agreements**") with PICC P&C and Happy Crown Group Limited ("**Happy Crown**"), being the cornerstone investors set out below (each a "**Cornerstone Investor**", and together, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to subscribe, subject to certain conditions, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares) that may be purchased for an aggregate amount of US$30.0 million (the "**Cornerstone Placing**").

The Cornerstone Placing will form part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with other fully paid H Shares then in issue upon completion of the Global Offering and to be listed on the Stock Exchange and will be counted towards the public float of our Company under Rule 8.24 of the Listing Rules. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors will not be entitled to have any representation on our Board. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will become a substantial shareholder (as defined under the Listing Rules) of our Company. The Cornerstone Investors do not have any preferential rights as compared with other public Shareholders in the Cornerstone Investment Agreements. Except for Happy Crown, which is wholly-owned by Mr. Zhou Minghua (周明華) ("**Mr. Zhou**"), an existing Shareholder of our Company, to the best knowledge of our Company, each Cornerstone Investor is independent of each other, is an independent third party, is not a connected person (as defined under the Listing Rules) of our Company, is not an existing Shareholder or close associate of our Company and has no other relationship with our Company.

The Offer Shares to be subscribed for by Happy Crown may be affected by re-allocation of H Shares between the International Offering and the Hong Kong Public Offering pursuant to Practice Note 18 of the Listing Rules or such other percentage as may be approved by the Stock Exchange and applicable to our Company from time to time. Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on or around Thursday, March 28, 2019.

In the event that the requirement pursuant to Rule 8.08(3) of the Listing Rules (in which no more than 50% of the Shares in public hands on the Listing Date can be beneficially owned by the three largest public shareholders of our Company) cannot be satisfied, the allocation of the number of Offer Shares to be subscribed by the Cornerstone Investors will be adjusted to ensure the compliance with Rule 8.08(3) of the Listing Rules.

OUR CORNERSTONE INVESTORS

We have entered into the Cornerstone Investment Agreements with the Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount	Number of Offer Shares (rounded down to the nearest whole board lot of 200 H Shares)	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	(US$ in million)					
Based on the Offer Price of HK$23.00 (being the low-end of the indicative Offer Price range)						
PICC P&C	10.0	3,412,800	8.0	7.0	2.0	1.9
Happy Crown	20.0	6,825,800	16.0	13.9	4.0	3.9
Total	30.0	10,238,600	24.0	20.9	6.0	5.8
Based on the Offer Price of HK$26.90 (being the mid-point of the indicative Offer Price range)						
PICC P&C	10.0	2,918,000	6.8	6.0	1.7	1.6
Happy Crown	20.0	5,836,200	13.7	11.9	3.4	3.3
Total	30.0	8,754,200	20.5	17.9	5.1	4.9
Based on the Offer Price of HK$30.80 (being the high-end of the indicative Offer Price range)						
PICC P&C	10.0	2,548,600	6.0	5.2	1.5	1.4
Happy Crown	20.0	5,097,200	12.0	10.4	3.0	2.9
Total	30.0	7,645,800	18.0	15.6	4.5	4.3

PICC P&C

Pursuant to the Cornerstone Investment Agreement entered into between our Company, the Joint Sponsors, the Joint Representatives and PICC P&C dated March 15, 2019, PICC P&C has agreed to subscribe for such number of Offer Shares equal to Hong Kong dollar equivalent of US$10.0 million at the Offer Price, rounded down to the nearest whole board lot of 200 H Shares (excluding brokerage and the levies which the relevant Cornerstone Investor will pay in respect of the Offer Shares to be subscribed for).

The predecessor of PICC P&C is The People's Insurance Company of China, a limited liability company established on October 20, 1949. Headquartered in Beijing, PICC P&C is a core member and the symbolic main business of The People's Insurance Company (Group) of China Limited, as well as a large state-owned property insurance company with long history, large business scale and strong comprehensive strengths in China. Its premiums top the list in the global property insurance market. PICC P&C was listed on the Main Board of the Stock Exchange on November 6, 2003 (stock code: 02328), becoming the first overseas listed financial company in the PRC.

Certain subsidiaries/branch companies of PICC P&C were among the five largest customers of our insurance agency business during the Track Record Period. See "Business — Insurance Agency Business — Customers of Our Insurance Agency Business — Major Customers." PICC P&C is an independent third party, and is not a connected person (as defined under the Listing Rules) of our Company.

Happy Crown

Pursuant to the Cornerstone Investment Agreement entered into between our Company, the Joint Sponsors, the Joint Representatives, Happy Crown and Mr. Zhou (as guarantor) dated March 15, 2019, Happy Crown has agreed to subscribe for such number of Offer Shares equal to Hong Kong dollar equivalent of US$20.0 million at the Offer Price, rounded down to the nearest whole board lot of 200 H Shares (excluding brokerage and the levies which the relevant Cornerstone Investor will pay in respect of the Offer Shares to be subscribed for).

Happy Crown is a BVI business company incorporated in the BVI with limited liability on January 8, 2008 and wholly-owned by Mr. Zhou. Mr. Zhou, a Chinese resident, is our existing Shareholder, who held 1,500,000 Domestic Shares quoted on the NEEQ, representing approximately 1.17% of our total issued share capital as of the Latest Practicable Date. Mr. Zhou is a founder of Zhejiang Huahai Pharmaceutical Co., Ltd. ("**Huahai Pharmaceutical**"), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600521). As of the Latest Practicable Date, Mr. Zhou is a substantial shareholder and the second largest shareholder of Huahai Pharmaceutical.

Happy Crown may obtain external financing by entering into a loan facility with one of the Joint Sponsors or their respective affiliates (the "**Lender**") to finance its subscription of the Offer Shares. The loan, if obtained, will be on normal commercial terms after arm's length negotiations with no other direct or indirect benefits given by the Lender. All or some of the Offer Shares to be subscribed for by Happy Crown may be charged to the Lender as security for the loan facility. Under the financing arrangement, upon the occurrence of certain customary events of default, Happy Crown will be required to repay the loan before its maturity. The Lender therefore has the right to enforce the security interest in the Offer Shares subject to such charge at any time upon the occurrence of certain customary events of default. Happy Crown agrees and undertakes to our Company, the Joint Sponsors and the Joint Representatives to procure the Lender not to, and the Lender will agree and will undertake not to, dispose of the collateral shares under the financing arrangement at any time during the period of six months following the Listing Date. Pursuant to Rule 3A.07(9) of the Listing Rules, the Lender will remain an independent sponsor of our Company.

We have applied for and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 and paragraph 5(2) of Appendix 6 to the Listing Rules and the Stock Exchange's consent for permitting our Company to allocate Offer Shares under the International Offering to existing public holders of our Domestic Shares quoted on the NEEQ and their close associates on certain conditions. For further details of the waiver, see "Waivers from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Allocation of H Shares to Existing Public Holders of Domestic Shares Quoted on the NEEQ and their Close Associates under Rule 10.04 and Paragraph 5(2) of Appendix 6 to the Listing Rules."

CLOSING CONDITIONS

The subscription obligations of the Cornerstone Investors are subject to, among other things, the following closing conditions:

(a) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the respective Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(b) the Offer Price having been agreed upon between our Company and the Joint Representatives (for and on behalf of the Underwriters);

(c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the H Shares (including the H Shares to be subscribed by the Cornerstone Investors) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) the respective representations, warranties, undertakings, acknowledgements and confirmations of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the respective Cornerstone Investment Agreements) and will be (as of the Listing Date or the delayed delivery date as notified by the Joint Representatives, as applicable) accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months starting from and inclusive of the Listing Date (the "**Lock-up Period**") (i) dispose of, in any way, any H Shares subscribed by the Cornerstone Investors pursuant to the respective Cornerstone Investment Agreement, and any shares or other securities or interest in our Company which are derived therefrom pursuant to any rights issue, capitalization issue or other form of capital reorganization (whether such transactions are to be settled in cash or otherwise) and any interest therefrom (the "**Relevant Shares**") or any interest in any company or entity holding any Relevant Shares; (ii) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner(s); or (iii) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries provided that prior to such transfer, such wholly-owned subsidiary undertakes in writing to, and such Cornerstone Investor undertakes to procure that such wholly-owned subsidiary will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

You should read the following discussion and analysis with our audited consolidated financial information, including the notes thereto, included in the Accountants' Report in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. 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 this prospectus, including "Risk Factors" and "Business."

For the purpose of this section, unless the context otherwise requires, references to 2015, 2016 and 2017 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.

OVERVIEW

We are a leading professional automobile insurance agency and B2B integrated automobile after-sales service provider in China. We ranked first among both (i) professional automobile insurance agencies in China in terms of automobile insurance premium facilitated in 2017, and (ii) B2B integrated automobile after-sales service providers in China in terms of sales revenue in 2017, according to the Frost & Sullivan Report.

We operate two business segments primarily through a B2B2C model: (i) insurance agency business and (ii) automobile butler services business. We generate revenue from our insurance agency business by receiving commissions from insurance companies on the insurance policies we sell, typically based on a percentage of the premium paid by insurance purchasers. We derive revenue from our automobile butler services business through receiving service fees from our butler partner customers, which are primarily major banks and insurance companies.

During the Track Record Period, both business segments experienced a strong growth. Our revenue grew from RMB238.8 million in 2015 to RMB451.7 million in 2016 and further to RMB816.8 million in 2017, representing a CAGR of 84.9% from 2015 to 2017. In the nine months ended September 30, 2018, we generated revenue of RMB1,039.3 million, representing a 115.2% increase compared to that for the same period in 2017.

In 2017, the revenue from our insurance agency business and automobile butler services business were RMB607.8 million and RMB209.0 million, respectively; and the revenue from these two businesses were RMB776.0 million and RMB263.3 million, respectively, in the nine months ended September 30, 2018. Our net profit grew from RMB29.1 million in 2015 to RMB47.6 million in 2016 and further to RMB77.7 million in 2017, representing a CAGR of 63.4% from 2015 to 2017. In the nine months ended September 30, 2018, we generated net profit of RMB82.1 million, representing a 122.9% increase compared to that for the same period in 2017.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with the International Financial Reporting Standards ("**IFRSs**"), which comprise all standards and interpretations approved by the International Accounting Standards Board. Except for IFRS 9, all IFRSs effective for the accounting period commencing from January 1, 2015, together with the relevant transitional provisions, have been early adopted by us in the preparation of our historical financial information during the Track Record Period. Our historical financial information during the Track Record Period has been prepared under the historical cost convention.

For more information on the basis of preparation of the financial information included herein, please refer to Note 2.1 of the Accountants' Report in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULT OF OPERATIONS

Our results of operations have been, and are expected to continue to be, materially affected by a number of factors, many of which are outside of our control, including the following:

Insurance premiums and commission rates

We derive a majority of our revenue from our insurance agency business. We provide agency services for well-known insurance companies in China by distributing primarily automobile insurance products underwritten by them, and receive commissions from these insurance companies. The commissions we receive from insurance companies for purchase of insurance policies are generally calculated as a percentage of the insurance premiums paid by the insurance purchasers, i.e., end consumers of the insurance policies. Our revenue and results of operations are thus affected by the insurance premiums of the policies we sell, the commission rates for such policies and the number of insurance policies we sell.

Insurance premiums

Revenue generated from our insurance agency business is primarily affected by the number of the insurance policies we sell, the insurance premium of policies we sell and the commission rates for each policy.

During the Track Record Period, the number of insurance policies we sold increased continuously from more than 260,000 policies in 2015 to over 730,000 policies in 2017. We sold around 1,203,000 insurance policies in the nine months ended September 30, 2018. The number of insurance policies we sell correlates to the number of end consumers purchasing insurance policies through our agency services. We utilize both our in-house sales force as well as various external referral sources to reach out to potential insurance purchasers, or end consumers. Nevertheless, during the Track Record Period we underwent a process of downsizing our in-house sales force while expanding our engagement of external referral sources to more efficiently and expediently reach out to potential end consumers. Having substantially completed the process of re-balancing the size of our different marketing channels by around the end of 2017, we expect that the number of the insurance policies we sell will continue to increase along with our expanding sales network.

The pricing of insurance products differs for SALI and other commercial automobile insurance products. Premium rates for SALI, which each automobile owner in the PRC is legally required to purchase, are strictly regulated by the CBIRC. In contrast, the premiums for commercial automobile insurance products, which are non-mandatory under the applicable PRC laws, are generally determined by insurance companies and can be affected by various factors, such as sales price of the vehicle and records of traffic regulation violation.

Commission rates

The commission rates for our insurance agency business fluctuate based on a number of factors. According to the terms of the cooperative agreements we entered into with insurance companies, the commission rates paid to us may be amended or adjusted by the insurance companies from time to time and at any frequency. Insurance companies may choose to adjust the commission rates taking into account their expectation on profits, consumer demand for insurance products in the market, the availability and pricing of comparable products from other insurance companies, regulatory requirements and governmental policies, and other factors that affect insurance companies at the relevant time. We face intense competition in China's insurance agency market from insurance agencies, individual insurance agents, insurance brokerage firms, Internet insurance platforms, and in-house sales force of insurance companies. Such competition may lead to a decrease in the commission rates offered by insurance companies to us. The decreases in commission rates for our insurance agency business, whether voluntary or otherwise, may adversely affect our results of operations.

Cost of insurance agency business and cost of automobile butler services

Cost of sales for our insurance agency business primarily comprises costs of referral fees and other rewards and incentives for our external referral sources for referring potential insurance purchasers, and wages and salaries of our in-house sales team, while cost of sales for our automobile butler services business principally comprises service fees paid to our butler service providers and purchases of gift cards and coupons as part of our service packages.

For our insurance agency business, we utilize external referral sources in different local regions to refer potential insurance purchasers to us, and incur costs including service fees and other rewards and incentives for their referral services. The rates of service fees paid to these external referral sources fluctuate frequently depending on the competitive landscape and the market conditions in the respective geographical markets, and our target gross profit margin. For the year ended 2015, 2016, and 2017, and the nine months ended September 30, 2017 and 2018, referral fees and other costs incurred for our external referral sources amounted to RMB94.9 million, RMB237.0 million, RMB538.1 million, RMB303.7 million, and RMB706.0 million, accounting for 61.7%, 77.4%, 88.5%, 86.7%, and 91.0% of our revenue generated from our insurance agency business for the same periods, respectively. The continuous expansion of our collaboration with external referral sources, while significantly facilitating the rapid expansion of our geographical reach and business scale, had nevertheless negatively affected our gross profit margin in a significant manner during the Track Record Period.

In addition, we currently maintain a relatively small in-house sales team for our insurance agency business. The size of our in-house sales team directly affects our salary and staff benefit costs. For 2015, 2016, and 2017 and the nine months ended September 30, 2017 and 2018, direct costs incurred for our in-house sales team amounted to RMB12.7 million, RMB9.0 million, RMB6.2 million, RMB8.2 million, and RMB3.4 million, accounting for 8.3%, 3.0%, 1.0%, 2.3%, and 0.4% of our revenue generated from our insurance agency business for the same periods, respectively.

For our automobile butler services business, we generally pay different pre-agreed service fees for purchases of different automobile butler services according to the particular type of services provided by third party automobile butler service providers. Such fees are subject to review and adjustments from time to time, generally on an annual basis. As a result, our ability to negotiate and secure service fees that are favorable to us directly affects the cost of our automobile butler services business. For 2015, 2016, and 2017, and the nine months ended September 30, 2017 and 2018, service fees for purchases of automobile butler services amounted to RMB54.9 million, RMB91.1 million, RMB126.4 million, RMB81.7 million, and RMB167.7 million, accounting for 64.5%, 62.6%, 60.5%, 61.6%, and 63.7% of our revenue generated from our automobile butler services business for the same periods, respectively.

Our ability to maintain and expand end consumer base

Business prospects for our insurance agency business depend in a large part on our ability to expand our reach to a continuously expanding base of new insurance purchasers. During the Track Record Period, we have increasingly utilized external referral sources for rapid expansion of our insurance agency marketing network and achieved robust growth. The number of our external referral sources grew from around 3,100 in 2015 to over 18,000 as of September 30, 2018, and we expanded the geographical coverage of our insurance agency business from four cities in 2015 to 23 cities as of September 30, 2018. On the other hand, we strive to provide end consumers with satisfactory experience, which to a large extent influences our ability to maintain and establish relationships with our insurance company customers. See "Business — End Consumer Services and Quality Control." Our ability to expand our end consumer base will directly affect our future performance.

Our ability to maintain trusted relationship with our business partners

We cooperate with a variety of business partners in conducting our businesses, including customers and suppliers in our insurance agency business and automobile butler services business, respectively.

In our insurance agency business, we primarily act as agent for insurance companies, which are our customers. We distribute automobile insurance products underwritten by them to end consumers, and earn commissions on such insurance products. We also collaborate with various external referral sources, who are our suppliers, to expedite our market penetration and broaden our end consumer reach. In our automobile butler services business, our butler partners are our customers, mainly comprising banks, insurance companies and other sizeable corporations, which purchase automobile butler service packages from us for their reward programs or customer loyalty programs. The number of institutional customers of our automobile butler services business increased significantly from over 30 in 2015 to over 70 in 2016 and over 220 in 2017, and further to approximately 300 as of September 30, 2018. We rely on our butler service providers, which are our suppliers, to deliver a variety of automobile-related services to end consumers. The quality of the services as perceived by the end consumers can promote our brand and end consumer confidence in us, which in turn can strengthen our ability to procure an increasing number of butler partners to engage us in providing automobile butler services for their valued customers.

Our relationships with business partners are crucial for us to continue our business growth and deliver satisfactory experience to end consumers of our services and products we carry. Any significant changes to our relationships with these business partners could have a material adverse impact on our results of operations. See "Risk Factors — Risks Relating to Our Business — If we fail to maintain stable relationships with our business partners, our business, results of operations, financial condition and business prospects could be materially and adversely affected."

Regulatory environment

We are subject to the regulatory oversight of a number of insurance and related regulators, as described in "Regulatory Overview." These regulators have a broad authority over our business, including certifying the eligibility for us to provide insurance agency services, authorizing the geographical area in which we operate, establishment of branch institutions and prescribing prohibited acts for professional insurance agencies and their practitioners. As a result of the broad oversight by these regulators, we are occasionally subject to overlapping, conflicting and/or heightened regulations. Our efforts to comply with changes in regulations may lead to increased operating and administrative expenses.

CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

Our consolidated financial information has been prepared in accordance with IFRSs. We have identified certain accounting policies that are critical to the preparation of our financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in Notes 2.2 and 2.4 to the Accountants' Report in Appendix I to this prospectus.

In addition, the preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments relating to accounting items. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances. Our key estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in Note 3 to the Accountants' Report in Appendix I to this prospectus.

IFRS 9

We have adopted IFRS 9 — Financial Instruments since January 1, 2018. We do not restate comparative information and recognize any transition adjustments against the opening balance of equity as of January 1, 2018. The impacts relate to the classification and measurement and the impairment requirements and are summarized as follows:

(a) Classification and Measurement

Upon adoption of IFRS 9, the classification and measurement of financial assets depend on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset. The adoption of IFRS 9 does not have a significant impact on the classification and measurement of our financial instruments. We continue measuring at fair value all financial assets currently held at fair value and at amortized cost all financial assets currently held at amortized cost.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortized cost that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. We apply the simplified approach and record lifetime expected losses of trade receivables. We apply the general approach to other debt instruments recorded at amortized cost. The impact from the adoption of IFRS 9 relating to the provision for impairment is immaterial.

The adoption of IFRS 9 would have had no significant impact on the financial position and performance when compared to that of IAS 39.

Early Adoption of IFRS 15

IFRS 15 "Revenue from Contracts with Customers" replaces the previous revenue standards IAS 18 "Revenue" and its related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted. We have elected to early apply IFRS 15, which has been applied consistently in the Track Record Period.

We derived revenue from continuing operations principally from our two business segments, namely, our insurance agency business and our automobile butler services business. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Based on the historical financial information, had IAS 18 been consistently applied throughout the Track Record Period, there would have been no significant impact in our financial position and performance. The adoption of IFRS 15 as compared to IAS 18 had resulted in more disclosures in our historical financial information throughout the Track Record Period.

RESULTS OF OPERATIONS OF OUR COMPANY

The following table sets out the consolidated results of our Company for each of the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, which are derived from, and should be read in conjunction with, the consolidated financial information set out in the Accountants' Report in Appendix I to this prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The following table presents our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB* *(unaudited)*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Continuing operations										
Revenue	238,799	100.0	451,711	100.0	816,809	100.0	482,955	100.0	1,039,288	100.0
Cost of sales	(162,524)	(68.1)	(337,163)	(74.6)	(670,699)	(82.1)	(393,527)	(81.5)	(877,040)	(84.4)
Gross profit	76,275	31.9	114,548	25.4	146,110	17.9	89,428	18.5	162,248	15.6
Other income and gains	4,760	2.0	6,983	1.5	5,922	0.7	4,756	1.0	8,410	0.8
Selling and distribution expenses	(20,614)	(8.6)	(41,635)	(9.2)	(39,139)	(4.8)	(25,452)	(5.3)	(41,371)	(4.0)
Administrative expenses	(22,234)	(9.3)	(19,502)	(4.3)	(19,678)	(2.4)	(17,434)	(3.6)	(26,711)	(2.6)
Finance costs	(1,396)	(0.6)	(3,225)	(0.7)	(3,428)	(0.4)	(2,430)	(0.5)	(4,776)	(0.5)
Profit before tax from continuing operations	36,791	15.4	57,169	12.7	89,787	11.0	48,868	10.1	97,800	9.4
Income tax expense	(7,789)	(3.3)	(9,976)	(2.2)	(15,025)	(1.8)	(8,046)	1.6	(15,727)	(1.5)
Profit for the year/period from continuing operations	29,002	12.1	47,193	10.4	74,762	9.2	40,822	8.5	82,073	7.9
Discontinued operation										
Profit/(loss) for the year/period from a discontinued operation	96	0.0	447	0.1	2,963	0.4	(4,007)	0.8	—	—
Profit for the year/period	29,098	12.2	47,640	10.5	77,725	9.5	36,815	7.7	82,073	7.9

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derived our revenue from the continuing operations of our two business segments, namely, our insurance agency business and our automobile butler services business. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, we generated revenue from our continuing operations of RMB238.8 million, RMB451.7 million, RMB816.8 million, RMB483.0 million, and RMB1,039.3 million, respectively.

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, revenue from our insurance agency business was RMB153.7 million, RMB306.2 million, RMB607.8 million, RMB350.4 million, and RMB776.0 million, respectively, representing 64.4%, 67.8%, 74.4%, 72.5%, and 74.7% of our total revenue from continuing operations for the same periods. We generate revenue from our insurance agency business primarily through collecting commissions from insurance companies for successful sales of automobile insurance policies to end consumers, typically based on a varying percentage of the premiums paid by insurance policy purchasers.

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, revenue from our automobile butler services business was RMB85.1 million, RMB145.5 million, RMB209.0 million, RMB132.6 million, and RMB263.3 million, respectively, representing 35.6%, 32.2%, 25.6%, 27.5%, and 25.3% of our total revenue from continuing operations for the same periods. We generate revenue from our automobile butler services business by collecting service fees of varying pre-agreed rates from our customers, primarily banks and insurance companies, which purchase automobile butler service packages from us for the enjoyment by their respective customers. These services are provided through our butler service providers that are independent third parties.

The following table sets forth a breakdown of our revenue from continuing operations by business segments in absolute amounts and as a percentage of our revenue from continuing operations for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB* *(unaudited)*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
Revenue from continuing operations										
Insurance agency	153,723	64.4	306,192	67.8	607,824	74.4	350,375	72.5	775,970	74.7
Automobile butler services	85,076	35.6	145,519	32.2	208,985	25.6	132,580	27.5	263,318	25.3
Total	**238,799**	**100.0**	**451,711**	**100.0**	**816,809**	**100.0**	**482,955**	**100.0**	**1,039,288**	**100.0**

We expanded the geographical coverage of our insurance agency business from four cities in 2015 to 10 cities in 2016 and 17 cities in 2017, and further to 23 cities by September 2018, and had branch coverage in 27 cities as of September 30, 2018 (of which four have yet to have business contributions). The following table sets forth a breakdown of revenue from our insurance agency business by geographical markets in China in absolute amounts and as a percentage of our revenue from our insurance agency business for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)						*(unaudited)*			
Revenue from insurance agency business										
North China[1]	12,620	8.2	36,714	12.0	51,861	8.5	29,519	8.4	49,463	6.4
East China[2]	109,650	71.3	204,153	66.7	416,237	68.5	243,406	69.5	485,011	62.5
South China[3]	—	—	116	0.0	46,548	7.7	25,284	7.2	93,455	12.0
Central China[4]	—	—	1,599	0.5	20,218	3.3	12,023	3.4	56,523	7.3
Southwest China[5]	31,453	20.5	63,610	20.8	69,956	11.5	39,544	11.3	73,432	9.5
Northwest China[6]	—	—	—	—	3,004	0.5	599	0.2	18,086	2.3
Total	**153,723**	**100.0**	**306,192**	**100.0**	**607,824**	**100.0**	**350,375**	**100.0**	**775,970**	**100.0**

Notes:

1. North China includes Beijing, Hohhot and Taiyuan, as the case may be during the Track Record Period.

2. East China includes Shanghai, Nanjing, Wuxi, Hangzhou, Suzhou, Ningbo, Hefei and Qingdao, as the case may be during the Track Record Period.

3. South China includes Guangzhou, Nanning, Fuzhou, Quanzhou and Xiamen, as the case may be during the Track Record Period.

4. Central China includes Wuhan, Zhengzhou, Changsha, as the case may be during the Track Record Period.

5. Southwest China includes Chengdu, Kunming and Chongqing, as the case may be during the Track Record Period.

6. Northwest China includes Xi'an during the Track Record Period.

The following table sets forth a breakdown of our revenue from the automobile butler services business by types of customers in absolute amounts and as a percentage of our revenue from the automobile butler services business for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Revenue from automobile butler services business										
Banks	67,265	79.1	140,357	96.5	190,445	91.1	127,467	96.1	226,177	85.9
Insurance companies	17,380	20.4	4,007	2.7	16,895	8.1	4,039	3.1	33,202	12.6
Others	431	0.5	1,155	0.8	1,645	0.8	1,074	0.8	3,939	1.5
Total	**85,076**	**100.0**	**145,519**	**100.0**	**208,985**	**100.0**	**132,580**	**100.0**	**263,318**	**100.0**

Cost of Sales

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our cost of sales was RMB162.5 million, RMB337.2 million, RMB670.7 million, RMB393.5 million, and RMB877.0 million, respectively.

The following table sets forth a breakdown of our cost of sales by business segments in absolute amounts and as a percentage of our cost of sales from continuing operations for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Insurance Agency										
Cost of referral services										
Referral services providers	94,903	58.4	190,468	56.5	426,914	63.7	206,571	52.4	634,763	72.4
External registered sales representatives	—	—	44,086	13.1	80,564	12.0	82,470	21.0	13,169	1.5
Strategic channel partners	—	—	2,491	0.7	30,628	4.6	14,648	3.7	58,038	6.6
Wages and salaries	12,734	7.8	9,041	2.7	6,206	0.9	8,154	2.1	3,388	0.3
Sub-total	**107,637**	**66.2**	**246,086**	**73.0**	**544,312**	**81.2**	**311,843**	**79.2**	**709,358**	**80.9**
Automobile Butler Services										
Car service cost	27,130	16.7	53,791	15.9	80,465	12.0	46,742	11.9	90,421	10.3
Other service cost	27,757	17.1	37,286	11.1	45,922	6.8	34,942	8.9	77,261	8.8
Sub-total	**54,887**	**33.8**	**91,077**	**27.0**	**126,387**	**18.8**	**81,684**	**20.8**	**167,682**	**19.1**
Total	**162,524**	**100.0**	**337,163**	**100.0**	**670,699**	**100.0**	**393,527**	**100.0**	**877,040**	**100.0**

During the Track Record Period, cost of sales for our insurance agency business comprised primarily: (i) wages and salaries of our in-house sales team, and (ii) cost of referral services, which mainly represents costs of referral fees and other rewards and incentives for our external referral sources for introducing potential insurance purchasers to us. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our wages and salaries amounted to RMB12.7 million, RMB9.0 million, RMB6.2 million, RMB8.2 million and RMB3.4 million, while our cost of referral services amounted to RMB94.9 million, RMB237.0 million, RMB538.1 million, RMB303.7 million, and RMB706.0 million, respectively. In respect of our cost of referral services, for the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, such cost related primarily to the costs of referral fees and other rewards and incentives for: (i) referral service providers, which amounted to RMB94.9 million, RMB190.5 million, RMB426.9 million, RMB206.6 million and RMB634.8 million; (ii) external registered sales representatives, which amounted to nil, RMB44.1 million, RMB80.6 million, RMB82.5 million, and RMB13.2 million; and (iii) strategic channel partners which amounted to nil, RMB2.5 million, RMB30.6 million, RMB14.6 million and RMB58.0 million, respectively. For details of our referral service providers, external registered sales representatives and strategic channel partners, see "Business — Insurance Agency Business — Sales and Marketing."

During the Track Record Period, cost of sales for our automobile butler services business comprised primarily: (i) car service cost, representing service fees paid for our purchases of automobile butler services, and (ii) other service cost, comprising mostly purchases of gift cards and coupons from major petrol companies and department stores as part of our prescribed automobile butler service packages. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our car service cost amounted to RMB27.1 million, RMB53.8 million, RMB80.5 million, RMB46.7 million, and RMB90.4 million, while our other service cost amounted to RMB27.8 million, RMB37.3 million, RMB45.9 million, RMB34.9 million and RMB77.3 million, respectively.

Gross Profit and Gross Profit Margin

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our gross profit was RMB76.3 million, RMB114.5 million, RMB146.1 million, RMB89.4 million, and RMB162.2 million, respectively, For the same periods, our gross profit margin was 31.9%, 25.4%, 17.9%, 18.5% and 15.6%, respectively.

The following table sets forth our gross profit and gross profit margin by business segments for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Gross profit										
Insurance agency	46,086	30.0	60,106	19.6	63,512	10.4	38,532	11.0	66,612	8.6
Automobile butler services	30,189	35.5	54,442	37.4	82,598	39.5	50,896	38.4	95,636	36.3
Total	**76,275**	**31.9**	**114,548**	**25.4**	**146,110**	**17.9**	**89,428**	**18.5**	**162,248**	**15.6**

Our gross profit margin exhibited relatively significant decreases from 31.9% in 2015 to 25.4% in 2016 and further to 17.9% in 2017, primarily attributable to the continual decreases in the gross profit margin of our insurance agency business, partially offset by increases in gross profit margin of our automobile butler services business from 2015 to 2017.

The decreases in the gross profit margin of our insurance agency business from 30.0% in 2015 to 19.6% in 2016 and further to 10.4% in 2017 were mainly due to our shifting in marketing strategy during the said years. Since 2015, we had started downsizing our in-house sales team and extensively increasing the use of external referral sources to reach out to more potential end consumers and facilitate our geographical expansion in a more efficient and expedient manner. The increasingly extensive use of such external referral sources resulted in a significant increase in our cost of referral services and a change in our revenue-cost structure, and had negatively impacted our gross profit margin during the phase of our transition into the new marketing strategy. Nonetheless, such switch of marketing strategy has significantly facilitated our expansion both geographically and in terms of business scale, as evidenced by our robust growth in revenue and the number of new regions we have added to our business coverage, which in turn has supported us in growing our gross profit in absolute amounts. As we have substantially completed our shift in marketing strategy around the end of 2017, the decrease in gross profit margin of our insurance agency business had exhibited a trend of stabilizing, with a comparably slight decline from 10.4% in 2017 to 8.6% for the nine months ended September 30, 2018, and our Directors are of the view that the gross profit margin of our insurance agency business should remain relatively stable going forward.

The increases in gross profit margin of our automobile butler services business from 35.5% in 2015 to 37.4% in 2016 and further to 39.5% in 2017 were mainly driven by our closer business relationship with one of the four largest banks in China and the largest customer of our automobile butler services business during the Track Record Period, with which our prescribed service packages generally have a relatively higher gross profit margin for us, as we continuously expanded our cooperation with an increasing number of its branches in various locations in China. The gross profit margin of our automobile butler services business decreased slightly from 38.4% for the nine months ended September 30, 2017 to 36.3% for the nine months ended September 30, 2018, partly attributable to the upward adjustments of our contracted service fees with certain of our butler service providers upon renewal of their annual contracts while our contracted service fees with corresponding butler partners remained unadjusted under our ongoing contracts.

Other Income and Gains

Our other income and gains comprised primarily government grants, investment income from entrusted loans and gain on disposal of a discontinued operation. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our other income and gains were RMB4.8 million, RMB7.0 million, RMB5.9 million, RMB4.8 million, and RMB8.4 million, respectively.

The following table sets forth a breakdown of our other income and gains by types in absolute amounts and as a percentage of our other income and gains for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Government grants	955	20.1	3,774	54.0	3,765	63.6	3,152	66.3	4,315	51.2
Bank interest income	1,169	24.5	684	9.8	255	4.3	150	3.2	1,734	20.6
Service income	—	—	—	—	360	6.1	284	6.0	1,686	20.1
Investment income from entrusted loans	2,636	55.4	2,428	34.8	1,528	25.8	1,149	24.2	670	8.0
Others	—	—	97	1.4	14	0.2	21	0.4	5	0.1
Total	**4,760**	**100.0**	**6,983**	**100.0**	**5,922**	**100.0**	**4,756**	**100.0**	**8,410**	**100.0**

Our government grants comprised primarily various subsidies to support our Group's operation from relevant PRC government bodies. There are no unfulfilled conditions or contingencies related to these grants.

Selling and Distribution Expenses

Our selling and distribution expenses comprised primarily wages and salaries of our general sales and marketing personnel, amortization and depreciation of our tangible and intangible assets, transportation expenses and office expenses. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our selling and distribution expenses were RMB20.6 million, RMB41.6 million, RMB39.1 million, RMB25.5 million, and RMB41.4 million, respectively.

The following table sets forth a breakdown of our selling and distribution expenses by types for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Wages and salaries	2,933	14.2	10,517	25.3	15,389	39.3	8,440	33.2	16,218	39.2
Amortization and depreciation	681	3.3	4,592	11.0	12,746	32.6	9,329	36.7	11,314	27.4
Transportation expenses	1,518	7.4	4,097	9.9	4,655	11.9	3,091	12.1	6,032	14.6
Office expenses	3,268	15.8	3,830	9.2	4,188	10.7	2,532	9.9	3,834	9.3
Service fees	1,911	9.3	5,886	14.1	1,455	3.7	1,482	5.8	3,123	7.5
Promotion and advertising expenses	1,792	8.7	1,519	3.7	411	1.0	299	1.2	535	1.3
Consulting fee	8,498	41.2	11,094	26.6	266	0.7	254	1.0	266	0.6
Others	13	0.1	100	0.2	29	0.1	25	0.1	49	0.1
Total	**20,614**	**100.0**	**41,635**	**100.0**	**39,139**	**100.0**	**25,452**	**100.0**	**41,371**	**100.0**

Administrative Expenses

Our administrative expenses comprised primarily wages and salaries of our administrative personnel, office expenses, transportation expenses and amortization and depreciation of our tangible and intangible assets. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our administrative expenses were RMB22.2 million, RMB19.5 million, RMB19.7 million, RMB17.4 million, and RMB26.7 million, respectively.

The following table sets forth a breakdown of our administrative expenses by types for the periods indicated:

	Year ended December 31,						Nine months ended September 30,			
	2015		2016		2017		2017		2018	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(in thousands, except percentages)									
							(unaudited)			
Wages and salaries	3,370	15.2	5,580	28.6	4,686	23.8	5,447	31.2	10,958	41.0
(Reversal of impairment loss)/impairment loss	(268)	(1.2)	2,484	12.8	(90)	(0.5)	1,637	9.4	3,071	11.5
Office expenses	2,832	12.7	4,297	22.0	4,494	22.8	3,273	18.8	4,013	15.0
Service fees	3,182	14.3	522	2.7	3,682	18.7	2,412	13.8	2,100	7.9
Consulting and other professional service fee	4,389	19.7	1,289	6.6	1,608	8.2	917	5.3	1,075	4.0
Amortization and depreciation	1,006	4.5	2,758	14.1	1,604	8.2	1,168	6.7	1,711	6.4
Transportation expenses	399	1.8	790	4.1	896	4.6	600	3.5	1,251	4.7
Business development expense	623	2.8	805	4.1	1,276	6.5	779	4.5	1,038	3.9
Bank charges	925	4.2	747	3.8	896	4.6	670	3.8	525	2.0
Share-based payment	4,748	21.4	—	—	—	—	—	—	—	—
Others[(1)]	1,028	4.6	230	1.2	626	3.1	531	3.0	969	3.6
Total	**22,234**	**100.0**	**19,502**	**100.0**	**19,678**	**100.0**	**17,434**	**100.0**	**26,711**	**100.0**

Note:

(1) Others include non-operational expenditure, stamp duties, etc.

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our administrative expenses represented 9.3%, 4.3%, 2.4%, 3.6%, and 2.6% of our revenue, respectively. Wages and salaries of our administrative personnel, including pension scheme contribution, social welfare and other welfare, accounted for one of the largest components of our administrative expenses, representing 15.2%, 28.6%, 23.8%, 31.2%, and 41.0% of our total administrative expenses for the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018. The increases in proportion of wages and salaries of our administrative personnel were due to increases in our administrative work force along with our business expansion. Service fees mainly included fees paid to external contractors for their administrative services. Office expenses mainly included telecommunications expenses, postage fees and other miscellaneous office expenses.

Finance Costs

Our finance costs comprised primarily interest expense on interest-bearing bank and other borrowings. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our finance costs were RMB1.4 million, RMB3.2 million, RMB3.4 million, RMB2.4 million, and RMB4.8 million, respectively.

	Year ended December 31,			Nine months ended September 30,	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
			(in thousands)		
				(unaudited)	
Interest expense on bank loans	1,396	3,216	3,384	2,396	4,754
Interest expense on finance leases	—	9	44	34	22
Total	**1,396**	**3,225**	**3,428**	**2,430**	**4,776**

Income Tax Expense

For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018, our income tax expense was RMB7.8 million, RMB10.0 million, RMB15.0 million, RMB8.0 million, and RMB15.7 million, respectively, and our Group's effective tax rate was 21.2%, 17.5%, 16.7%, 16.5% and 16.1%, respectively.

Our Company and Shengshi Dalian Automobile, one of our PRC subsidiaries, were accredited as "new high-tech enterprise" (高新技術企業) by relevant authorities in 2016 and 2015, respectively, both effective for three years from their respective accreditation. We successfully renewed the "new high-tech enterprise" status for Shengshi Dalian Automobile in 2018, and accordingly a preferential income tax rate of 15% was applied to our Company since 2016, and to Shengshi Dalian Automobile throughout the Track Record Period. Shanghai Chengle Network Technology Co., Limited* (上海丞樂網絡科技有限公司), one of our subsidiaries, currently qualifies as a "new high-tech enterprise", and has been entitled to the preferential rate of 15% since January 2018 until December 2020. We plan to renew the "new high-tech enterprise" status for our Company in the first half of 2019, in accordance with the applicable PRC laws and regulations. Our PRC Legal Advisors have advised us that there is no material legal impediment to the renewal of such qualification, assuming that our Company continues to meet the regulatory requirements in connection with the renewal. We believe that we will continue to qualify as and benefit from being "new high-tech enterprise". However, there is no assurance that we will be able to successfully renew such qualification. See "Risk Factors — Risks Relating to Our Business — Failure to obtain any preferential tax treatments or the discontinuation, reduction or delay of any of the preferential tax treatments that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations."

During the Track Record Period, our other subsidiaries that were established in the PRC were subject to the statutory tax rate of 25% under the PRC EIT law.

Profit for the Year/Period from Continuing Operations

For the reasons set forth above, profit for the period from our continuing operations for the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2017 and 2018 was RMB29.0 million, RMB47.2 million, RMB74.8 million, RMB40.8 million, and RMB82.1 million, representing a net profit margin from our continuing operations of 12.1%, 10.4%, 9.2%, 8.5%, and 7.9% in the same years/periods.

Discontinued Operation

On June 28, 2017, our Board announced the decision to dispose of Shengshi Dalian Financial Leasing, which was established in December 2015 and primarily engaged in automobile financial leasing business, to one of our Controlling Shareholders, Shengda Group, for a cash consideration of RMB89.0 million, as we sought to focus our resources on our insurance agency business and our automobile butler services business. The said consideration was arrived at with reference to the then market value of Shengshi Dalian Financial Leasing pursuant to an appraisal report prepared by an independent valuer. The disposal of Shengshi Dalian Financial Leasing was completed in December 2017 and we reported gain on disposal of RMB3.3 million for the captioned disposal. See "History and Corporate Structure — Acquisition and Disposal During the Track Record Period — Disposal of Shengshi Dalian Financial Leasing." During the Track Record Period, net profit generated from the business operation of Shengshi Dalian Financial Leasing contributed less than 1.0% of our net profit for each of 2015, 2016 and 2017. For details of our discontinued operations, please see Note 11 to the Accountants' Report included in Appendix I to this prospectus.

PERIOD TO PERIOD COMPARISON OF RESULT OF OPERATIONS

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

Revenue

	Nine months ended September 30,			
	2017		2018	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
	(unaudited)			
Insurance agency	350,375	72.5	775,970	74.7
Automobile butler services	132,580	27.5	263,318	25.3
Total	**482,955**	**100.0**	**1,039,288**	**100.0**

Our revenue increased by 115.2% from RMB483.0 million for the nine months ended September 30, 2017 to RMB1,039.3 million for the nine months ended September 30, 2018, which was in line with our overall business growth. Our revenue generated from the insurance agency business increased by 121.5% from RMB350.4 million for the nine months ended September 30, 2017 to RMB776.0 million for the nine months ended September 30, 2018, primarily attributable to an increase in the number of insurance policies sold by us from 481,465 in the nine months ended September 30, 2017 to 1,203,494 in the nine months ended September 30, 2018, with a corresponding increase in aggregate premiums thereof from RMB1,385.8 million in the nine months ended September 30, 2017 to RMB2,719.3 million in the nine months ended September 30, 2018. Our average commission rates with our insurance customers also increased from 25.3% in the nine months ended September 30, 2017 to 28.5% in the nine months ended September 30, 2018. The increase in our insurance agency business volume was attributable to both our business expansion into six new cities from 17 cities as of September 30, 2017 to 23 cities as of September 30, 2018, which contributed an additional revenue of RMB68.9 million, as well as organic growth from existing cities with revenue contribution grew from RMB350.4 million for the nine months ended September 30, 2017 to RMB707.1 million for the nine months ended September 30, 2018 as the cities we ventured into continued to ramp up their business volume. Revenue generated from our automobile butler services business also increased by 98.6% from RMB132.6 million for the nine months ended September 30, 2017 to RMB263.3 million for the nine months ended September 30, 2018, primarily resulting from the increasing business volume of our significantly expanded customer base. More particularly, the number of our automobile butler services customers grew from just less than 150 as of September 30, 2017 to over 220 as of December 31, 2017, and further to approximately 300 as of September 30, 2018.

Cost of Sales

	Nine months ended September 30,			
	2017		2018	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
	(unaudited)			
Insurance agency	311,843	79.2	709,358	80.9
Automobile butler services	81,684	20.8	167,682	19.1
Total	**393,527**	**100.0**	**877,040**	**100.0**

Our cost of sales increased by 122.9% from RMB393.5 million for the nine months ended September 30, 2017 to RMB877.0 million for the nine months ended September 30, 2018, which was largely in line with our revenue growth and geographical expansion between the periods under review.

The cost of sales for our insurance agency business increased by 127.5% from RMB311.8 million for the nine months ended September 30, 2017 to RMB709.4 million for the nine months ended September 30, 2018 mainly due to an overall increase in cost of referral services we incurred for our external referral sources as we continued to expand our insurance agency business. Specifically, our costs of referral services to referral service providers increased by 207.3% from RMB206.6 million for the nine months ended September 30, 2017 to RMB634.8 million for the nine months ended September 30, 2018, and our costs of referral services to strategic channel partners increased by 296.2% from RMB14.6 million for the nine months ended September 30, 2017 to RMB58.0 million for the nine months ended September 30, 2018, as we significantly expanded these two external referral sources to support our business growth and geographical expansion, and significantly overriding the decrease in costs of referral services to our external registered sales representatives of 84.0% from RMB82.5 million for the nine months ended September 30, 2017 to RMB13.2 million for the nine months ended September 30, 2018. The cost of sales for our automobile butler services business increased by 105.3% from RMB81.7 million to RMB167.7 million for the same periods, primarily due to increases in (i) car service cost paid for purchases of automobile butler services and (ii) other service cost including purchase of gift cards and coupons; which were largely in line with the increase in business volume (and correspondingly revenue generated) from our automobile butler services business.

Gross Profit and Gross Profit Margin

	Nine months ended September 30,			
	2017		**2018**	
	Gross Profit	**Gross Profit Margin**	**Gross Profit**	**Gross Profit Margin**
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
	(unaudited)			
Insurance agency	38,532	11.0	66,612	8.6
Automobile butler services	50,896	38.4	95,636	36.3
Total	**89,428**	**18.5**	**162,248**	**15.6**

As a result of the foregoing, our gross profit increased from RMB89.4 million for the nine months ended September 30, 2017 to RMB162.2 million for the nine months ended September 30, 2018.

Our gross profit margin decreased from 18.5% for the nine months ended September 30, 2017 to 15.6% for the nine months ended September 30, 2018, primarily attributable to the decreases in gross profit margin of our insurance agency business between the two periods. The gross profit margin of our insurance agency business decreased from 11.0% to 8.6% for the same periods mainly as a result of the continuous process of adjustment in our marketing strategy to significantly increase our use of external referral sources in lieu of in-house sales force to pursue business growth, as discussed in "— Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin" in this section. The gross profit margin of our automobile butler services business also decreased slightly from 38.4% in 2016 to 36.3% in 2017, respectively, partly attributable to the upward adjustments of our contracted service fees with certain of our butler service providers upon renewal of their annual contracts while our contracted service fees with corresponding butler partners remained unadjusted under our ongoing contracts.

Other Income and Gains

Our other income and gains increased by 76.8% from RMB4.8 million for the nine months ended September 30, 2017 to RMB8.4 million for the nine months ended September 30, 2018, primarily attributable to (i) an increase in government grants from RMB3.2 million to RMB4.3 million in relation to industry support from the government, and (ii) an increase in bank interest income from RMB0.2 million to RMB1.7 million from our increased bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 62.5% from RMB25.5 million for the nine months ended September 30, 2017 to RMB41.4 million for the nine months ended September 30, 2018, primarily due to (i) an increase in wages and salaries of our general sales and marketing personnel from RMB8.4 million to RMB16.2 million over the two periods, as a result of an increase in the headcount of our general sales and marketing personnel from 339 as of September 30, 2017 to 438 as of September 30, 2018, (ii) an increase in our amortization and depreciation expenses from RMB9.3 million to RMB11.3 million over the two periods, which was in line with the increase in book value of our capitalized software and mobile applications, and (iii) increases in transportation expenses and office expenses in line with our business growth.

Administrative Expenses

Our administrative expenses increased by 53.2% from RMB17.4 million for the nine months ended September 30, 2017 to RMB26.7 million for the nine months ended September 30, 2018, primarily attributable to (i) an increase in wages and salaries of our administrative personnel from RMB5.4 million to RMB11.0 million over the two periods as we expanded our administrative work force from 41 as of September 30, 2017 to 89 as of September 30, 2018 and (ii) an increase in impairment loss in relation to trade and other receivables from RMB1.6 million to RMB3.1 million over the two periods.

Finance Costs

Our finance costs increased by 96.5% from RMB2.4 million for the nine months ended September 30, 2017 to RMB4.8 million for the nine months ended September 30, 2018, primarily attributable to an increase in our interest-bearing bank borrowings over the two periods.

Income Tax Expense

Our income tax expense increased by 95.5% from RMB8.0 million for the nine months ended September 30, 2017 to RMB15.7 million for the nine months ended September 30, 2018, primarily attributable to the increases in our profit before tax from continuing operations. The effective tax rate for our continuing operations remained relatively stable from 16.5% for the nine months ended September 30, 2017 to 16.1% for the nine months ended September 30, 2018.

Profit from Continuing Operations

As a result of foregoing, our profit from continuing operations increased by 101.1% from RMB40.8 million for the nine months ended September 30, 2017 to RMB82.1 million for the nine months ended September 30, 2018.

Loss from a Discontinued Operation

Our loss from a discontinued operation was RMB4.0 million for the nine months ended September 30, 2017. We did not have any profit or incurred any loss from our discontinued operation for the nine months ended September 30, 2018 as the disposal of Shengshi Dalian Financial Leasing was completed in December 2017.

Profit for the Period

As a result of the foregoing, our profit increased by 122.9% from RMB36.8 million for the nine months ended September 30, 2017 to RMB82.1 million for the nine months ended September 30, 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenue

	Year ended December 31,			
	2016		2017	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Revenue from continuing operations				
Insurance agency	306,192	67.8	607,824	74.4
Automobile butler services	145,519	32.2	208,985	25.6
Total	**451,711**	**100.0**	**816,809**	**100.0**

Our revenue increased by 80.8% from RMB451.7 million in 2016 to RMB816.8 million in 2017, which was in line with our business growth. Our revenue generated from the insurance agency business increased significantly by 98.5% from RMB306.2 million in 2016 to RMB607.8 million in 2017, primarily attributable to an increase in the number of insurance policies sold by us from 486,824 in 2016 to 738,143 in 2017, with a corresponding increase in aggregate premiums thereof from RMB1,309.9 million in 2016 to RMB2,191.7 million in 2017. Our average commission rates with our insurance customers also increased from 23.4% in 2016 to 27.7% in 2017, mainly as a result of (i) the general increase in our average commission rates in the 10 existing cities we operated in 2016, and (ii) the relatively high level of average commission rates we obtained in a majority of our newly expanded cities in 2017. The increase in our insurance agency business volume was contributed from both our business expansion into seven new cities during the year, increasing our business coverage from 10 cities as of December 31, 2016 to 17 cities as of December 31, 2017 and contributed an additional RMB69.6 million in revenue, as well as organic growth from the 10 existing cities (six of which were expanded into during 2016 with only moderate initial revenue contribution for the relevant year), with revenue contribution grew from RMB306.2 million in 2016 to RMB538.2 million in 2017. Our revenue generated from the automobile butler services business increased by 43.6% from RMB145.5 million in 2016 to RMB209.0 million in 2017 as we started to significantly expand our customer base, which grew from just over 70 customers in 2016 to over 220 customers in 2017 and contributing, to a varying degree, to the increase in our reported revenue in 2017.

Cost of Sales

	Year ended December 31,			
	2016		2017	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Insurance agency	246,086	73.0	544,312	81.2
Automobile butler services	91,077	27.0	126,387	18.8
Total	**337,163**	**100.0**	**670,699**	**100.0**

Our cost of sales increased by 98.9% from RMB337.2 million in 2016 to RMB670.7 million in 2017, primarily attributable to increases in cost of sales for both our insurance agency business and automobile butler services business, which in turn were largely attributable to the increases in our revenue in line with our business expansion. The cost of sales for our insurance agency business increased by 121.2% from RMB246.1 million in 2016 to RMB544.3 million in 2017 mainly due to an increase in cost of referral services we incurred for our external referral sources, specifically an increase of 124.1% of our costs of referral services to referral service providers from RMB190.5 million in 2016 to RMB426.9 million in 2017, and an increase of 1,129.5% to strategic channel partners from RMB2.5 million in 2016 to RMB30.6 million in 2017, as we significantly expanded these two external referral sources to support our business growth and geographical expansion. The cost of sales for our automobile butler services business increased by 38.8% from RMB91.1 million in 2016 to RMB126.4 million in 2017 primarily due to increases in car service cost paid for our purchases of automobile butler services and, to a lesser extent, other service cost including purchases of gift cards and coupons as we expanded our business scale.

Gross Profit and Gross Profit Margin

	Year ended 31 December			
	2016		2017	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Insurance agency	60,106	19.6	63,512	10.4
Automobile butler services	54,442	37.4	82,598	39.5
Total	**114,548**	**25.4**	**146,110**	**17.9**

As a result of the foregoing, our total gross profit increased from RMB114.5 million in 2016 to RMB146.1 million 2017.

Our gross profit margin decreased from 25.4% in 2016 to 17.9% in 2017 primarily attributable to a decrease in gross profit margin of our insurance agency business, partially offset by a slight increase in the gross profit margin of our automobile butler services business. The gross profit margin of our insurance agency business decreased from 19.6% in 2016 to 10.4% in 2017, driven by our increasingly extensive use of external referral sources pursuant to our switch of marketing strategy as discussed in "— Description of Major Components of Our Results of Operations — Gross Profit and Gross Profit Margin" in this section, which resulted in a significant increase in our cost of referral services and a change in our revenue-cost structure. The gross profit margin of our automobile butler services business increased slightly from 37.4% in 2016 to 39.5% in 2017.

Other Income and Gains

Our other income and gains decreased by 15.2% from RMB7.0 million in 2016 to RMB5.9 million in 2017, primarily attributable to a decrease in investment income from entrusted loans from RMB2.4 million in 2016 to RMB1.5 million in 2017.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 6.0% from RMB41.6 million in 2016 to RMB39.1 million in 2017, primarily attributable to a decrease in consulting and other professional service fee from RMB11.1 million in 2016 to RMB0.3 million in 2017, as we spent more on consulting services and acquisition of market intelligence when we expanded into new geographic regions in 2016, partially offset by an increase in amortization and depreciation from RMB4.6 million in 2016 to RMB12.7 million in 2017 arising from the increase in book value of our capitalized software and mobile applications.

Administrative Expenses

Our administrative expenses remained relatively stable from RMB19.5 million in 2016 to RMB19.7 million in 2017.

Finance Costs

Our finance costs increased slightly from RMB3.2 million in 2016 to RMB3.4 million in 2017, primarily attributable to a slight increase in interests paid on bank loans.

Income Tax Expense

Our income tax expense increased by 50.6% from RMB10.0 million in 2016 to RMB15.0 million in 2017, primarily due to an increase in our profit before tax from continuing operations. The effective tax rate for our continuing operations remained stable at 17.5% in 2016 and 16.7% in 2017.

Profit from Continuing Operations

As a result of the foregoing, our profit from continuing operations increased by 58.4% from RMB47.2 million in 2016 to RMB74.8 million in 2017.

Profit from a Discontinued Operation

Our profit from a discontinued operation increased from RMB0.4 million in 2016 of RMB3.0 million in 2017, primarily attributable to a gain on the disposal of our financial lease business of RMB3.3 million in 2017.

Profit for the Year

As a result of the foregoing, our profit increased by 63.2% from RMB47.6 million in 2016 to RMB77.7 million in 2017.

Year Ended December 31, 2016 Compared to Year Ended December 31, 2015

Revenue

	Year ended December 31,			
	2015		2016	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Revenue from continuing operations				
Insurance agency	153,723	64.4	306,192	67.8
Automobile butler services	85,076	35.6	145,519	32.2
Total	**238,799**	**100.0**	**451,711**	**100.0**

Our revenue increased by 89.2% from RMB238.8 million in 2015 to RMB451.7 million in 2016, in line with our overall business growth. Our revenue generated from the insurance agency business increased significantly by 99.2% from RMB153.7 million in 2015 to RMB306.2 million in 2016, primarily due to an increase in the number of insurance policies sold by us from 267,557 in 2015 to 486,824 in 2016, with a corresponding increase in the aggregate premiums thereof from RMB837.3 million in 2015 to RMB1,309.9 million in 2016. Our average commission rates with our insurance customers also increased from 18.4% in 2015 to 23.4% in 2016, mainly as a result of (i) the general increase in our average commission rates in the four existing cities we operated in 2015, and (ii) the relatively high level of average commission rates we obtained in a few of our newly expanded cities in 2016. The increases in our insurance agency business volume from 2015 to 2016 was mainly as a result of our organic business growth in the four existing cities that we already had business coverage in 2015, with revenue contribution grew from RMB153.7 million in 2015 to RMB285.7 million in 2016, as supplemented with revenue contribution from six new cities that we expanded our business into during the year of 2016 with a moderate amount of RMB20.5 million in 2016. Our revenue generated from our automobile butler services business increased by 71.0% from RMB85.1 million in 2015 to RMB145.5 million in 2016, mainly as a result of our doubling in the number of customers from over 30 in 2015 to over 70 in 2016 as we expanded and diversified our customer base. As an example, while we only provided automobile butler services to two subsidiaries/branches of BOC as our customers in 2015, we have succeeded in expanding our collaborations with BOC and acquired an additional 16 subsidiaries/branches of BOC as our customers during 2016, resulting in a one-fold increase in our revenue generated from the BOC group of companies as a whole.

Cost of Sales

	Year ended December 31,			
	2015		2016	
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Insurance agency	107,637	66.2	246,086	73.0
Automobile butler services	54,887	33.8	91,077	27.0
Total	**162,524**	**100.0**	**337,163**	**100.0**

Our cost of sales increased by 107.5% from RMB162.5 million in 2015 to RMB337.2 million in 2016, primarily attributable to increases in cost of sales for both our insurance agency business and automobile butler services business which in turn were largely attributable to the increases in our revenue. The cost of sales for our insurance agency business increased by 128.6% from RMB107.6 million in 2015 to RMB246.1 million in 2016 mainly due to an increase in cost of referral services we incurred for our external referral sources, as we started significantly downsizing our in-house sales team and increasing the use of external marketing channels to expedite our business expansion. Specifically, we expanded our external referral sources to cover external registered sales representatives and strategic channel partners in 2016, which resulted in cost of referral services of RMB44.1 million and RMB2.5 million, respectively, as compared to nil for both in 2015, while our cost of referral services for referral service providers increased by 100.7% from RMB94.9 million in 2015 to RMB190.5 million in 2016. The cost of sales for our automobile butler services business increased by 65.9% from RMB54.9 million in 2015 to RMB91.1 million in 2016 mainly due to increases in car service cost and other service cost as we expanded our business scale.

Gross Profit and Gross Profit Margin

	Year ended December 31,			
	2015		2016	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	RMB	*%*	*RMB*	*%*
	(in thousands, except percentages)			
Gross profit				
Insurance agency	46,086	30.0	60,106	19.6
Automobile butler services	30,189	35.5	54,442	37.4
Total	**76,275**	**31.9**	**114,548**	**25.4**

As a result of the foregoing, our total gross profit increased from RMB76.3 million in 2015 to RMB114.5 million in 2016.

Our gross profit margin decreased from 31.9% in 2015 to 25.4% in 2016 primarily attributable to a decrease in gross profit margin of our insurance agency business, partially offset by an increase in gross profit margin of our automobile butler services. The gross profit margin of our insurance agency business decreased from 30.0% in 2015 to 19.6% in 2016 as we proceeded with adjusting our marketing strategy and significantly expanded our use of external referral sources and downsized our in-house sales force as a way to expedite our business expansion, which resulted in a change in our revenue-cost structure. The gross profit margin of our automobile butler services business increased slightly from 35.5% in 2015 to 37.4% in 2016.

Other Income and Gains

Our other income and gains increased by 46.7% from RMB4.8 million in 2015 to RMB7.0 million in 2016, primarily attributable to an increase in government grants from RMB1.0 million in 2015 to RMB3.8 million in 2016, as we received various subsidies from governmental authorities in Shanghai in 2016.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 102.0% from RMB20.6 million in 2015 to RMB41.6 million in 2016, primarily due to (i) an increase wages and salaries from RMB2.9 million in 2015 to RMB10.5 million in 2016 as we expanded our general sales and marketing work force and provided salary increments, (ii) an increase in amortization and depreciation from RMB0.7 million in 2015 to RMB4.6 million in 2016 arising from the increase in book value of our capitalized software and mobile applications, and (iii) an increase in transportation expenses from RMB1.5 million in 2015 to RMB4.1 million in 2016 as a result of our business growth.

Administrative Expenses

Our administrative expenses decreased by 12.3% from RMB22.2 million in 2015 to RMB19.5 million in 2016, primarily attributable to (i) the incurrence of an one-off share-based payment of RMB4.7 million in 2015, and (ii) a decrease in consulting and professional service fee from RMB4.4 million in 2015 to RMB1.3 million in 2016 as we commissioned a third party industry consultation on certain development strategies relating to end consumers of the China's insurance agency market in 2015, resulting in an one-off consulting fee in the said year, partially offset by (i) the incurrence of an impairment loss of RMB2.5 million in 2016 in relation to trade and other receivables as compared to a reversal of impairment loss of RMB0.3 million in 2015, (ii) an increase in salaries for our administrative personnel from RMB3.4 million in 2015 to RMB5.6 million in 2016 as we increased the number of our administrative personnel, (iii) an increase in office expense from RMB2.8 million in 2015 to RMB4.3 million in 2016, and (iv) an increase in amortization and depreciation from RMB1.0 million in 2015 to RMB2.8 million in 2016 mainly for our office renovation.

Finance Costs

Our financial costs increased by 131.0% from RMB1.4 million in 2015 to RMB3.2 million in 2016, primarily attributable to a significant increase in our Group's bank and other borrowings to support our general operations and the development of our business.

Income Tax Expense

Our income tax expense increased by 28.1% from RMB7.8 million in 2015 to RMB10.0 million in 2016, primarily due to an increase in our profit before tax from continuing operations. The effective tax rate for our continuing operations decreased from 21.2% in 2015 to 17.5% in 2016 primarily due to the preferential income tax rate of 15% having applied to both our Company and Shengshi Dalian Automobile in 2016 whereas the preferential income tax rate of 15% was only applied to Shengshi Dalian Automobile in 2015.

Profit from Continuing Operations

As a result of foregoing, our profit from continuing operations increased by 62.7% from RMB29.0 million in 2015 to RMB47.2 million in 2016.

Profit from a Discontinued Operation

Our profit from a discontinued operation increased from RMB96,000 in 2015 to RMB447,000 in 2016.

Profit for the Year

As a result of the foregoing, our profit increased by 63.7% from RMB29.1 million in 2015 to RMB47.6 million in 2016.

DISCUSSION OF CERTAIN KEY CONSOLIDATED BALANCE SHEET ITEMS

Net Current Assets/(Liabilities)

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2015	2016	2017	2018	2019
	(RMB in thousands)				
					(unaudited)
CURRENT ASSETS					
Trade receivables	42,984	97,938	168,674	216,792	259,825
Prepayments, deposits and other receivables	43,954	85,614	50,025	83,140	92,836
Finance lease receivables	19,484	155,834	—	—	—
Pledged deposits	1,217	3,944	2,723	2,724	2,624
Cash and cash equivalents	102,418	21,571	203,455	199,090	141,903
Financial assets at fair value through profit or loss	—	—	—	—	50,000
Total current assets	**210,057**	**364,901**	**424,877**	**501,746**	**547,188**
CURRENT LIABILITIES					
Trade payables	4,255	7,504	31,891	10,485	10,770
Other payables and accruals	71,552	12,721	13,121	16,817	27,460
Interest-bearing bank and other borrowings	31,000	339,217	81,126	165,840	166,005
Income tax payable	3,445	5,401	8,990	6,055	5,172
Contract liabilities	3,581	7,223	8,640	8,806	18,104
Total current liabilities	**113,833**	**372,066**	**143,768**	**208,003**	**227,511**
NET CURRENT ASSETS/(LIABILITIES)	96,224	(7,165)	281,109	293,743	319,677

We had net current assets of RMB96.2 million as of December 31, 2015, which was primarily attributable to our cash and cash equivalents of RMB102.4 million, prepayments, deposits and other receivables of RMB44.0 million, and trade receivables of RMB43.0 million as of the same date, partially offset by other payables and accruals of RMB71.6 million and interest-bearing bank and other borrowings of RMB31.0 million as of the same date.

We incurred net current liabilities of RMB7.2 million as of December 31, 2016, which was primarily attributable to our interest-bearing bank and other borrowings of RMB339.2 million as of the same date, partially offset by our finance lease receivables of RMB155.8 million, trade receivables of RMB97.9 million and prepayments, deposits and other receivables of RMB85.6 million as of the same date. Our interest-bearing bank and other borrowings as of December 31, 2016 included other borrowings of the current portion of RMB255.9 million as of the same date secured by mortgages over our finance lease receivables, both of which were related to our discontinued operation.

We had net current assets of RMB281.1 million as of December 31, 2017, which was primarily attributable to our cash and cash equivalents of RMB203.5 million and trade receivables of RMB168.7 million, partially offset by our interest-bearing bank and other borrowings of RMB81.1 million.

We had net current assets of RMB293.7 million as of September 30, 2018, which was primarily attributable to our trade receivables of RMB216.8 million and cash and cash equivalents of RMB199.1 million, partially offset by interest-bearing bank and other borrowings of RMB165.8 million.

We had net current assets of RMB319.7 million as of January 31, 2019, which was primarily attributable to our trade receivables of RMB259.8 million and cash and cash equivalents of RMB141.9 million, partially offset by interest-bearing bank and other borrowings of RMB166.0 million.

Trade Receivables

Our trade receivables comprised primarily commissions receivable from customers of our insurance agency and automobile butler services businesses for our services provided.

The following table sets forth our trade receivables as of the dates indicated:

	As of December 31,			As of September 30,
	2015	**2016**	**2017**	**2018**
	(RMB in thousands)			
Insurance agency	13,328	40,143	81,642	52,296
Automobile butler services	31,152	61,529	90,733	171,393
Impairment	(1,496)	(3,734)	(3,701)	(6,897)
Total	**42,984**	**97,938**	**168,674**	**216,792**

Our net trade receivables increased from RMB43.0 million as of December 31, 2015 to RMB97.9 million as of December 31, 2016 and RMB168.7 million as of December 31, 2017, and further to RMB216.8 million as of September 30, 2018. The increases in our net trade receivables as of each of the dates indicated above were primarily attributable to the increases in our revenue as a result of continued business growth. As of September 30, 2018, we recorded an impairment of trade receivables of RMB6.9 million which was primarily attributable to our automobile butler services business, of which RMB6.7 million was for collective assessment of outstanding trade receivables for our automobile butler services business.

As of January 31, 2019, we had collected RMB192.0 million, or 85.8%, of our outstanding trade receivables as of September 30, 2018, consisting of RMB50.9 million from our insurance agency business and RMB141.1 million from our automobile butler services business.

The following table sets forth an aging analysis of our trade receivables based on transaction date as of the dates indicated:

	As of December 31,			As of September 30,
	2015	**2016**	**2017**	**2018**
	(RMB in thousands)			
Within 90 days	41,807	89,055	157,954	139,508
91 to 365 days	1,039	10,141	11,450	78,306
1 to 2 years	443	1,156	797	5,408
2 to 3 years	917	283	1,155	19
Over 3 years	274	1,037	1,019	448
Total	**44,480**	**101,672**	**172,375**	**223,689**

The following table sets forth the number of turnover days for our trade receivables for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2015	2016	2017	2018
Trade receivables turnover days[(1)]	**45**	**59**	**61**	**51**
Insurance agency	18	32	37	23
Automobile butler services	95	116	133	134

Note:

(1) Trade receivables turnover days for a period equals the average of the opening and closing trade receivables divided by revenue for the same period and multiplied by 365 days for a full-year period or 270 days for a nine-month period.

Trade receivables turnover days indicate the average time we collect payments from our customers. For the years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018, our trade receivables turnover days were 45 days, 59 days, 61 days and 51 days, respectively, based on the transaction dates. Our trade receivables turnover days for automobile butler services were 95 days, 116 days, 133 days, and 134 days as of December 31, 2015, 2016 and 2017 and September 30, 2018. The continued increases in our trade receivables turnover days for automobile butler services as of the respective dates were primarily due to the increased proportion of revenue derived from the largest customer of our automobile butler services business, which had a relatively longer settlement period. Theincreased trade receivables turnover days for automobile butler services may magnify the existing mismatch in our operating cash flows and may negatively impact on our liquidity. See "— Liquidity and Capital Resources — Consolidated Statement of Cash Flows — Net Cash Flows Used in Operating Activities" in this section. During the Track Record Period, our Group had no specified credit terms in the contracts we entered into with our customers.

Prepayments, Deposits and Other Receivables

Prepayment, deposits and other receivables included in our current assets primarily comprised insurance premium receivables, entrusted loans, prepayments to suppliers, deposits, advance to employees, other current assets and other receivables.

The following table sets forth our prepayments, deposits and other receivables included in current assets as of the dates indicated:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
	(RMB in thousands)			
Insurance premium receivables[(1)] [(2)]	20,163	51,209	24,281	45,013
Listing expense	—	—	—	22,457
Other current assets	22	826	—	5,376
VAT recoverable	636	70	1,794	3,057
Deposits	1,288	5,007	2,144	2,320
Prepaid expenses	1,542	1,638	1,115	2,319
Prepayments to suppliers	10	4,821	13	1,378
Advance to employees	24	410	313	1,141
Other receivables	362	2,161	644	233
Entrusted loans	20,000	20,000	20,000	—
Impairment	(93)	(528)	(279)	(154)
Total	**43,954**	**85,614**	**50,025**	**83,140**

Notes:

(1) Insurance premium receivables are the amounts paid to insurance companies on behalf of policyholders.

(2) As of the Latest Practicable Date, all insurance premium receivables during the Track Record Period were settled and no provision/write-off was made in respect of them.

Our prepayments, deposits and other assets increased from RMB44.0 million as of December 31, 2015 to RMB85.6 million as of December 31, 2016, primarily due to (i) an increase in insurance premium receivables from RMB20.2 million as of December 31, 2015 to RMB51.2 million as of December 31, 2016 as a result of the growth of our insurance agency business, and (ii) an increase in prepayments to suppliers from RMB10,000 as of December 31, 2015 to RMB4.8 million as of December 31, 2016, and an increase in deposits from RMB1.3 million as of December 31, 2015 to RMB5.0 million as of December 31, 2016, primarily arising from our discontinued financial leasing business, which prepaid service fees to our business partners and placed security deposits for its other borrowings.

Our prepayments, deposits and other assets decreased from RMB85.6 million as of December 31, 2016 to RMB50.0 million as of December 31, 2017, primarily due to (i) a decrease in insurance premium receivables from RMB51.2 million as of December 31, 2016 to RMB24.3 million as of December 31, 2017 as certain insurance companies started to provide diversified payment methods such as QR code since 2017 and more insurants chose to pay through the new payment methods instead of through us, and (ii) a decrease in prepayments to suppliers from RMB4.8 million as of December 31, 2016 to RMB13,000 as of December 31, 2017 as we disposed of our interest in our discontinued operations which prepaid service fees to our business partners in 2016.

Our prepayments, deposits and other assets increased from RMB50.0 million as of December 31, 2017 to RMB83.1 million as of September 30, 2018, primarily due to (i) an increase in listing expense from nil as of December 31, 2017 to RMB22.5 million as of September 30, 2018 as a result of our prepayments of professional fees in connection with the Listing, (ii) an increase in insurance premium receivables from RMB24.3 million as of December 31, 2017 to RMB45.0 million as of September 30, 2018 generally in line with the growth of our insurance agency business, and (iii) an increase in other current assets from nil as of December 31, 2017 to RMB5.4 million as of September 30, 2018, which mainly represented gift cards and coupons purchased but not yet utilized in our automobile butler services (as part of our service packages for certain of our customers). Such increases were partially offset by a decrease in entrusted loans from RMB20.0 million as of December 31, 2017 to nil as of September 30, 2018 as a result of our collection of all outstanding entrusted loans from relevant third parties.

Trade Payables

Our trade payables represent our outstanding amounts due to suppliers, including referral fees due to external referral sources for our insurance agency business and service fees due to third party service providers for our automobile butler services.

The following table sets forth our trade payables as of the dates indicated:

	As of December 31,			As of September 30,
	2015	**2016**	**2017**	**2018**
		(RMB in thousands)		
Trade payables.	4,255	7,504	31,891	10,485

Our trade payables were RMB4.3 million, RMB7.5 million, and RMB31.9 million as of December 31, 2015, 2016, and 2017, respectively, which were generally in line with our cost of sales of our external referral services incurred for each respective year end. Our trade payables decreased from RMB31.9 million as of December 31, 2017 to RMB10.5 million as of September 30, 2018 primarily due to periodic timing differences in our suppliers' invoice billings.

As of January 31, 2019, we had settled our outstanding trade payables as of September 30, 2018 in full.

The credit terms provided by our suppliers are generally less than three months. The following table sets forth an aging analysis of our trade payables based on transaction date as of the dates indicated:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
	(RMB in thousands)			
Within 90 days	4,255	7,497	31,884	10,463
Over 90 days	—	7	7	22
Total	**4,255**	**7,504**	**31,891**	**10,485**

The following table sets forth the number of turnover days for our trade payables for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2015	2016	2017	2018
Trade payables turnover days[(1)]	7	6	11	7

Note:

(1) Trade payables turnover days for a period equals the average of the opening and closing trade payables divided by cost of sales for the same period and multiplied by 365 days for a full-year period or 270 days for a nine-month period.

Trade payables turnover days indicate the average time we pay our suppliers. For the years ended December 31, 2015, 2016 and 2017, and the nine months ended September 30, 2018, our trade payables turnover days were 7 days, 6 days, 11 days and 7 days, respectively, based on the transaction dates.

Other Payables and Accruals

The following table sets forth the breakdown of other payables and accruals as of the dates indicated:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
	(RMB in thousands)			
Other tax payables	2,050	5,457	9,926	3,637
Payroll and welfare payables	—	704	2,092	5,066
Deposits from third parties	1,361	2,483	743	418
Payable in relation to acquisition of a subsidiary	—	720	72	42
Deposits from related parties	—	2,071	—	—
Advance from shareholders	66,800	—	—	—
Other payables[(1)]	1,341	1,286	288	992
Others[(2)]	—	—	—	6,662
Total	**71,552**	**12,721**	**13,121**	**16,817**

Notes:

(1) Other payables primarily comprise payables in relation to short message platform service fees, and surrendered policies, etc.

(2) Others primarily comprise accrued professional fees in relation to the Listing.

Our other payables and accruals decreased from RMB71.6 million as of December 31, 2015 to RMB12.7 million as of December 31, 2016, primarily because we received an advance of RMB66.8 million from our then shareholders with respect to 3,340,000 newly issued ordinary shares in 2015 that were undergoing share registration process as of December 31, 2015, while there was no advance from shareholders as of December 31, 2016. The decrease was partially offset by (i) deposits from related parties, including RMB1.8 million from Shengda Jiarui and RMB0.3 million from Hulian Shengtong as of December 31, 2016, and (ii) the outstanding consideration payable in relation to the acquisition of Shanghai Ainite in 2016.

Our other payable and accruals remained stable at RMB13.1 million as of December 31, 2017. Our payroll and welfare payables and other tax payables increased from RMB0.7 million and RMB5.5 million as of December 31, 2016 to RMB2.1 million and RMB9.9 million as of December 31, 2017, respectively, primarily due to the expansion of work force in line with our business growth. The increases were partially offset by decreases in our consideration payable in relation to the acquisition of Shanghai Ainite and deposits from third parties and related parties as of the same dates.

Our other payables and accruals increased from RMB13.1 million as of December 31, 2017 to RMB16.8 million as of September 30, 2018, primarily due to (i) an increase in others from nil as of December 31, 2017 to RMB6.7 million as of September 30, 2018, which mainly related to accrued professional fees in relation to the Listing; and (ii) an increase in payroll and welfare payables from RMB2.1 million as of December 31, 2017 to RMB5.1 million as of September 30, 2018 mainly as a result of our increased headcounts. The increases were partially offset by a decrease in our other tax payables from RMB9.9 million as of December 31, 2017 to RMB3.6 million as of September 30, 2018.

Intangible Assets

The following table sets forth our intangible assets as of the dates indicated:

	As of December 31,			As of September 30,
	2015	**2016**	**2017**	**2018**
	(RMB in thousands)			
Software	15,648	55,339	57,334	46,936
Research and development costs	—	—	—	22,011
Insurance agency license	—	1,200	1,200	1,200
Total	**15,648**	**56,539**	**58,534**	**70,147**

Our intangible assets mainly represented software, research and development costs and insurance agency license. Software represented costs incurred for the development of our Group's IT system and relevant software and apps, which include our insurance app, the butler app, and the automobile butler service modules imbedded in the apps of our butler partners.

Our intangible assets increased significantly from RMB15.6 million as of December 31, 2015 to RMB56.5 million as of December 31, 2016, primarily attributable to the significant increase in software development costs which were capitalized. Our intangible assets remained relatively stable from RMB56.5 million as of December 31, 2016 to RMB58.5 million as of December 31, 2017, and increased to RMB70.1 million as of September 30, 2018, mainly attributable to our research and development costs of RMB22.0 million recorded as of September 30, 2018, primarily as a result of the expanding use and significant investment in technologies in line with the growth in both of our business segments which were capitalized.

Purchased insurance agency license with indefinite lives is tested for impairment on an annual basis or when circumstances indicate that the carrying value of the intangible assets may not be recoverable. On the other hand, the capitalized research and development costs not yet available for use are tested for impairment annually either individually or at the cash-generating unit level.

Our directors are of the view that there was no indicator of impairment which would warrant an impairment testing to be performed as of September 30, 2018, and that there was no impairment of intangible assets as of December 31, 2015, 2016, 2017 and September 30, 2018.

LIQUIDITY AND CAPITAL RESOURCES

During the Track Record Period and up to the Latest Practicable Date, we have funded our cash requirements principally from cash generated from our operations and bank and other borrowings.

Consolidated Statements of Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended December 31,			Nine months ended September 30,	
	2015	2016	2017	2017	2018
	(RMB in thousands)				
				(unaudited)	
Cash flows from operating activities before movement in working capital	41,827	73,234	117,819	67,906	117,998
Net cash flows used in operating activities	(16,756)	(365,003)	(84,631)	(151,934)	(7,559)
Net cash flows (used in)/from investing activities	(14,906)	(47,793)	56,324	(11,730)	(9,713)
Net cash flows from financing activities	123,725	331,949	210,191	211,865	12,907
Net increase/(decrease) in cash and cash equivalents	92,063	(80,847)	181,884	48,201	(4,365)
Cash and cash equivalents at beginning of year/period	10,355	102,418	21,571	21,571	203,455
Cash and cash equivalents at the end of year/period	102,418	21,571	203,455	69,772	199,090

Net Cash Flows Used in Operating Activities

Net cash flows used in operating activities represents cash used in operations minus income tax paid. Cash used in operations primarily comprised our profit before tax for the period, as adjusted by non-cash items and changes in working capital. During the Track Record Period, our Group had net cash flows used in operating activities primarily because our trade receivables turnover days were significantly longer than our trade payables turnover days. As our customers are mostly banks and insurance companies, their respective payment process is generally significantly longer than our payment process to our external referral sources and butler service providers, resulting in a general mis-match of cash inflow and outlay on the operational level. See "Risk Factors — Risks Relating to Our Business — We recorded net current liabilities and negative net operating cash flows during the Track Record Period, which may expose us to certain liquidity risks and could constrain our operational flexibility."

Our net cash flows used in operating activities were significantly larger in 2016 than those in other periods, primarily due to the significant cash outflows incurred in connection with the operation of our financial leasing business. More particularly, we ventured into the automobile financial leasing business initially in December 2015 but disposed of the said business in December 2017 to focus our resources on our insurance agency business and the automobile butler services business. Prior to the said disposal, our financial leasing business reported continuous growth, with revenue growing from RMB133,000 for 2015 to RMB41.1 million for 2016 and further to RMB77.8 million for 2017 and correspondingly, our finance lease receivables increased by RMB59.6 million, RMB342.5 million and RMB162.5 million for 2015, 2016 and 2017, respectively (and for the nine months ended September 2017: RMB159.1 million). Since the movement in finance lease receivables was accounted for as our operating cash flows, such increases had significantly contributed to our net cash outflows in operating activities, particularly for 2016. As we subsequently disposed of the said financial leasing business in December 2017, our net operating cash flow position improved significantly.

For the nine months ended September 30, 2018, net cash flows used in operating activities amounted to RMB7.6 million, representing income tax paid of RMB19.5 million, partially offset by cash generated from operations of RMB12.0 million. Cash used in operations was primarily attributable to our profit before tax from continuing operation of RMB97.8 million, as adjusted by (i) the add-back of non-cash items, which primarily consisted of (a) amortization of intangible assets of RMB11.3 million in relation to our capitalized software and mobile applications, (b) finance cost of RMB4.8 million in relation to our interest-bearing bank borrowings, and (c) impairment of trade receivables of RMB3.2 million; and (ii) changes in working capital, which primarily comprised (a) an increase in trade receivables of RMB51.3 million generally in line with the increase in revenue as a result of our continued business growth, (b) an increase in prepayments, deposits and other receivables of RMB30.2 million primarily due to the growth of our insurance agency business and an increase in insurance premium receivables, and (c) a decrease in trade payables of RMB21.4 million as we voluntarily paid our external referral sources more frequently as a gesture to encourage our external referral sources to refer more potential insurance policy purchasers to us.

For the nine months ended September 30, 2017, net cash flows used in operating activities amounted to RMB151.9 million, representing cash used in operations of RMB139.4 million plus income tax paid of RMB12.5 million. Cash used in operations was primarily attributable to our profit before tax from continuing operation of RMB48.9 million and our loss before tax from discontinued operation of RMB5.3 million, as adjusted by (i) the add-back of non-cash items, which primarily consisted of (a) amortization of intangible assets of RMB9.3 million in relation to our capitalized software and mobile applications and (b) impairment of trade receivables of RMB3.6 million; and (ii) changes in working capital, which primarily consisted of (a) an increase in finance lease receivables of RMB159.1 million arising from our discontinued financial leasing business, (b) an increase in prepayments, deposits and other receivables of RMB48.2 million due to the growth of our insurance agency business, and (c) an increase in trade receivables of RMB35.1 million generally in line with the increase in revenue as a result of our continued business growth.

For the year ended December 31, 2017, net cash flows used in operating activities amounted to RMB84.6 million, representing cash used in operations of RMB70.6 million plus income tax paid of RMB14.0 million. Cash used in operations was primarily attributable to our profit before tax from continuing operation of RMB89.8 million, as adjusted by (i) the add-back of non-cash items, which primarily consisted of (a) amortization of intangible assets of RMB12.7 million in relation to our capitalized software and mobile applications, (b) impairment of finance lease receivables of RMB10.7 million in relation to our discontinued financial leasing business; and (ii) changes in working capital, which primarily consisted of (a) an increase in finance lease receivables of RMB162.5 million from our discontinued financial leasing business, and (b) an increase in trade receivables of RMB70.7 million primarily due to our increase in revenue as a result of our continued business growth.

For the year ended December 31, 2016, net cash flows used in operating activities amounted to RMB365.0 million, representing cash used in operations of RMB354.2 million plus income tax paid of RMB10.8 million. Cash used in operations was primarily attributable to our profit before tax from continuing operation of RMB57.2 million, as adjusted by (i) the add-back of non-cash items, which primarily consisted of (a) amortization of intangible assets of RMB5.0 million in relation to our capitalized software and mobile applications, and (b) impairment of finance lease receivables of RMB4.3 million in relation to our financial leasing business; and (ii) changes in working capital, which primarily consisted of (a) an increase in finance lease receivables of RMB342.5 million in line with the growth of our discontinued financial leasing business, and (b) an increase in trade receivables of RMB57.2 million primarily due to our increase in revenue as a result of our continued business growth.

For the year ended December 31, 2015, net cash flows used in operating activities amounted to RMB16.7 million, representing cash used in operations of RMB11.9 million plus income tax paid of RMB4.8 million. Cash used in operations was primarily attributable to our profit before tax from continuing operation of RMB36.8 million, as adjusted by (i) the add-back of non-cash items, which primarily consisted of a one-off share-based payment of RMB4.7 million; and (ii) changes in working capital, which primarily consisted of (a) an increase in finance lease receivables of RMB59.6 million relating to our discontinued financial leasing business, (b) a decrease in pledged bank deposits of RMB21.2 million primarily due to the maturity of time deposits of RMB21.2 million, and (c) an increase in trade receivables of RMB19.4 million primarily due to our increase in revenue as a result of our continued business growth.

Net Cash Flows (Used in)/ from Investing Activities

Our cash generated from investing activities primarily comprised investment income from entrusted loans and disposal of a discontinued operation. Our cash used in investing activities primarily comprised additions to intangible assets and purchase of items of property and equipment.

For the nine months ended September 30, 2018, our net cash flows used in investing activities amounted to RMB9.7 million, which was mainly attributable to the additions to intangible assets of RMB22.8 million related mainly to research and development costs (see also "— Discussion of Certain Key Consolidated Balance Sheet Items — Intangible Assets" in this section) and the purchase of property and equipment of RMB7.7 million in relation to acquisition and decoration of certain office spaces, partially offset by a net decrease in entrusted loan of RMB20.0 million as a result of the repayment of all outstanding entrusted loans by the relevant third parties.

For the nine months ended September 30, 2017, our net cash flows used in investing activities amounted to RMB11.7 million, which was mainly attributable to the additions to intangible assets of RMB10.9 million in relation to software and mobile applications.

For the year ended December 31, 2017, our net cash flows from investing activities amounted RMB56.3 million, which was mainly attributable to the disposal of our discontinued operation of RMB75.4 million which was completed in December 2017, partially offset by the additions to intangible assets of RMB17.3 million in relation to software and mobile applications.

For the year ended December 31, 2016, our net cash flows used in investing activities amounted to RMB47.8 million, which was mainly attributable to the additions to intangible assets of RMB45.1 million in relation to software and mobile applications.

For the year ended December 31, 2015, our net cash flows used in investing activities amounted to RMB14.9 million, which was mainly attributable to the additions to intangible assets of RMB15.8 million in relation to software and mobile applications.

Net Cash Flows from Financing Activities

Our net cash flows generated from financing activities primarily comprised proceeds from new bank loans and other borrowings and proceeds from issue of shares. Our cash used in financing activities primarily comprised repayment of bank loans and other borrowings and payment of interests on our loans and other borrowings. Our other borrowings related primarily to our discontinued financial leasing business which we disposed of in November 2017. Lenders of our other borrowings were principally non-bank financial institutions.

For the nine months ended September 30, 2018, our net cash flows from financing activities amounted to RMB12.9 million, which was mainly attributable to the proceeds from new bank loans of RMB175.7 million, partially offset by the repayment of bank loans of RMB91.0 million and the payment of dividend of RMB51.2 million.

For the nine months ended September 30, 2017, our net cash flows from financing activities amounted to RMB211.9 million, which was mainly attributable to the proceeds from other borrowings of RMB229.3 million which related primarily to our discontinued operations, partially offset by the repayment of bank loans of RMB48.2 million.

For the year ended December 31, 2017, our net cash flows from financing activities amounted to RMB210.2 million, which was mainly attributable to the proceeds from other borrowings of RMB213.7 million and proceeds from new bank loans of RMB58.8 million, partially offset by repayment of bank loans of RMB61.0 million.

For the year ended December 31, 2016, our net cash flows from financing activities amounted to RMB331.9 million, which was mainly attributable to the proceeds from other borrowings of RMB393.2 million and proceeds from new bank loans of RMB83.2 million, partially offset by the repayment of other borrowings of RMB108.0 million and repayment of bank loans of RMB31.0 million.

For the year ended December 31, 2015, our net cash flows from financing activities amounted to RMB123.7 million, which was mainly attributable to the proceeds from issue of shares of RMB124.1 million primarily in relation to equity financings from third party investors and proceeds from new bank loans of RMB40.5 million, partially offset by the repayment of bank loans of RMB39.5 million.

WORKING CAPITAL SUFFICIENCY STATEMENT

We have historically financed and will continue to finance our working capital through cash generated from operations, bank and other borrowings, and proceeds from issuance of shares. As of December 31, 2015, 2016 and 2017 and September 30, 2018, our cash and cash equivalents were RMB102.4 million, RMB21.6 million, RMB203.5 million, and RMB199.1 million, respectively. As of the same dates, the amount of our outstanding bank and other borrowings were RMB31.0 million, RMB368.8 million, RMB81.2 million and RMB165.8 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we did not (a) experience any difficulty in obtaining credit facilities, (b) experience any withdrawal of banking facilities by a bank or receive any request to make early repayment, or (c) default in the payment or breach of the financial covenants of its bank borrowings.

Taking into account our business prospects, the cash generated from our operations, presently available banking facilities, other financial resources available to us, and the net proceeds from the Global Offering, our Directors are satisfied, after due and careful inquiry, that we will have sufficient available working capital for our present requirements for at least 12 months following the date of this prospectus.

INDEBTEDNESS

Our total borrowings comprised of bank loans and borrowings from other sources. The following table sets forth our borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2015	2016	2017	2018	2019
	(RMB in thousands)				
					(unaudited)
Current					
Bank loans — secured	31,000	83,220	81,000	165,700	165,900
Other borrowings	—	255,888	—	—	—
Finance lease payables	—	109	126	140	105
Sub-total	**31,000**	**339,217**	**81,126**	**165,840**	**166,005**
Non-Current					
Other borrowings	—	29,302	—	—	—
Finance lease payables	—	245	117	10	—
Sub-total	**—**	**29,547**	**117**	**10**	**—**
Total	**31,000**	**368,764**	**81,243**	**165,850**	**166,005**

Our total borrowings increased from RMB31.0 million as of December 31, 2015 to RMB368.8 million as of December 31, 2016 mainly due to a significant increase in other borrowings from nil as of December 31, 2015 to RMB285.2 million as of December 31, 2016 as we commenced our financial leasing business in December 2015. Our total borrowings decreased to RMB81.2 million as of December 31, 2017 mainly due to a significant decrease in other borrowings from RMB285.2 million as of December 31, 2016 to nil as of December 31, 2017 as we disposed of our financial leasing business in December 2017. Our total borrowings increased to RMB165.9 million as of September 30, 2018 mainly due to our increased capital needs as a result of business expansion. Our total borrowings increased slightly to RMB166.0 million as of January 31, 2019 mainly due to our increased capital needs as a result of business expansion.

The effective interest rate of our borrowings was 6.44%, 7.34%, 7.90% and 5.22% for the year ended 2015, 2016 and 2017 and the nine months ended September 30, 2018, respectively.

As of January 31, 2019, our unutilized bank facilities amounted to RMB280.1 million.

The following table sets forth the maturity profile of our borrowings as of the dates indicated:

	As of December 31,			As of September 30,	As of January 31,
	2015	2016	2017	2018	2019
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* *(unaudited)*
Repayable within one year	31,000	339,217	81,126	165,840	166,005
Repayable in the second year	—	29,547	117	10	—
Total	**31,000**	**368,764**	**81,243**	**165,850**	**166,005**

CONTINGENT LIABILITIES

As of December 31, 2015, 2016 and 2017 and September 30, 2018, we did not have any material contingent liabilities. Our Directors have confirmed that there has not been any material change in the contingent liabilities of our Group since September 30, 2018 and up to the Latest Practicable Date.

CAPITAL EXPENDITURE AND INVESTMENT

Our historical capital expenditure primarily included expenditure on computers, domain names, computer software, mobile applications and research and development costs that are important to our business. We have funded our capital expenditure requirements during the Track Record Period mainly with cash generated from our operations, bank and other borrowings and equity financings.

The following table sets forth the breakdown of our capital expenditures for the periods indicated:

	For the year ended December 31,			For the nine months ended September 30,
	2015	2016	2017	2018
	(RMB in thousands)			
Vehicles	198	359	—	858
Office equipment	471	1,380	1,222	1,421
Leasehold improvement	839	2,101	1,548	352
Buildings and plant	—	—	—	5,045
Software	—	2,659	2,344	749
Research and development costs	15,834	42,485	14,947	22,011
Total	**17,342**	**48,984**	**20,061**	**30,436**

Our capital expenditure is expected to be RMB59.0 million for the year ending December 31, 2018 and RMB34.1 million for the year ending December 31, 2019. We plan to fund our planned capital expenditure using cashflow generated from our operating activities and the net proceeds received from the Global Offering.

CONTRACTUAL OBLIGATIONS

Operating Lease Commitments

During the Track Record Period, we leased certain of our offices under operating lease arrangements. A majority of these lease arrangements are renewable at the end of the lease at market rates. The following table sets forth our operating lease commitments by lease terms as of the dates indicated:

	As of December 31,			As of September 30,
	2015	2016	2017	2018
	(RMB in thousands)			
Within 1 year	2,702	6,388	4,965	4,359
2 to 5 years	8,184	22,372	14,698	12,904
Over 5 years	4,800	7,102	960	—
Total	**15,686**	**35,862**	**20,623**	**17,263**

HEDGING ARRANGEMENTS

During the Track Record Period and as of the Latest Practicable Date, we had not entered into any derivative financial instruments to hedge exposures related to our business and financial conditions.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

RELATED PARTY TRANSACTIONS

Historically we entered into transactions with our related parties from time to time. For more details about our related party transactions, see Note 35 to the Accountants' Report included in Appendix I and "Relationship with Controlling Shareholders and Connected Transactions." Our Directors confirm that our transactions with related parties during the Track Record Period were conducted on normal commercial terms that are reasonable and in the interest of our Group as a whole, and they did not distort our result of operations or make our historical results not reflective of our future performance. As of the Latest Practicable Date, we had already terminated all the transactions with related parties.

During the Track Record Period, we received certain financial assistance from Mr. Ye, a Controlling Shareholder and an executive Director, Ms. Lei Guimei, spouse of Mr. Ye, and Shengda Group, a Controlling Shareholder, in the form of personal and/or corporate guarantees for certain bank loans (the "**Guaranteed Bank Loans**"). The Guaranteed Bank Loans will not be released before Listing. Our Directors are of the view that, whilst the Guaranteed Bank Loans will still be in place after the Listing, it is not in the interests of our Group for the personal or corporate guarantees to be replaced or released under the Guaranteed Bank Loans. Further, as of January 31, 2019, being the latest date for liquidity disclosure in this prospectus, our Company had credit facilities of RMB315.0 million in aggregate with no guarantees provided from any party outside of our Group and no restrictions on its drawdown, of which RMB280.0 million remained unutilised. See "Relationship with Controlling Shareholders and Connected Transactions — Independence from the Controlling Shareholders — Financial Independence" for further details.

KEY FINANCIAL RATIOS

The following table sets forth our selected key financial ratios as of and for the periods indicated:

	As of/for the year ended December 31,			As of/for the nine months ended September 30,
	2015	2016	2017	2018
Gross profit margin(1)	31.9%	25.4%	17.9%	15.6%
Net profit margin(2)	12.2%	10.5%	9.5%	7.9%
Return on equity(3)	18.5%	17.5%	22.2%	28.8%
Return on assets(4)	10.7%	7.1%	15.6%	18.5%
Current ratio(5)	1.8x	1.0x	3.0x	2.4x
Gearing ratio(6)	19.8%	135.9%	23.3%	43.7%

Notes:

(1) Gross profit margin is calculated by dividing the gross profit with the revenue for the relevant year/period multiplied by 100%.

(2) Net profit margin is calculated by dividing the net profit with the revenue for the relevant year/period multiplied by 100%.

(3) Return on equity is calculated by dividing the net profit (or the annualized net profit for the period ended September 30, 2018) attributable to owners of our parent with the total equity attributable to owners of our parent as of the end of the relevant year/period multiplied by 100%.

(4) Return on assets is calculated by dividing the net profit (or the annualized net profit for the period ended September 30, 2018) attributable to owners of our parent with the total assets as of the end of the relevant year/period multiplied by 100%.

(5) Current ratio is calculated by dividing the current assets with the current liabilities as of the end of the relevant year/period.

(6) Gearing ratio is calculated by dividing the interest-bearing bank and other borrowings with the total equity as of the end of the relevant year/period multiplied by 100%.

Gross Profit Margin

Our gross profit margin decreased from 31.9% in 2015 to 25.4% in 2016 and further decreased to 17.9% in 2017 and 15.6% for the nine months ended September 30, 2018. For further details of the fluctuations in our gross profit margin during the Track Record Period, see "— Description of Major Components of Our Results of Operations" in this section.

Net Profit Margin

Our net profit margin decreased from 12.2% in 2015 to 10.5% in 2016 and further decreased to 9.5% in 2017 and 7.9% for the nine months ended September 30, 2018. For further details of the fluctuations in our net profit margin during the Track Record Period, see "— Description of Major Components of Our Results of Operations" in this section.

Return on Equity

Our return on equity decreased from 18.5% in 2015 to 17.5% in 2016 due to a smaller increase in net profit attributable to owners of our parent than the increase in total equity attributable to owners of our parent as a result of an increase in share capital from RMB60.6 million to RMB127.9 million in the same years. Our return on equity increased from 17.5% in 2016 to 22.2% in 2017 due to a larger increase in net profit attributable to owners of our parent than the increase in total equity attributable to owners of our parent in the same years. Our return on equity increased from 22.2% in 2017 to 28.8% for the nine months ended September 30, 2018 due to a larger increase in annualized net profit attributable to owners of our parent than that in total equity attributable to owners of our parent in the same periods.

Return on Assets

Our return on assets decreased from 10.7% in 2015 to 7.1% in 2016 as our total assets increased from RMB270.7 million as of December 31, 2015 to RMB672.9 million as of December 31, 2016, which was at a faster pace than the increase in net profit attributable to owners of our parent from RMB28.9 million to RMB47.5 million in the same years. Our return on assets increased from 7.1% in 2016 to 15.6% in 2017 as a combined result of a decrease in total assets from RMB672.9 million as of December 31, 2016 to RMB492.9 million as of December 31, 2017 and an increase in net profit attributable to owners of our parent from RMB47.5 million in 2016 to RMB77.1 million in 2017. Our return on assets increased from 15.6% in 2017 to 18.5% for the nine months ended September 30, 2018 due to a larger increase in annualized net profit attributable to owners of our parent than that in our Group's total assets in the same periods. For details of movements of our assets during the Track Record Period, see "— Description of Major Components of Our Results of Operations" in this section.

Current Ratio

Our current ratio was 1.8, 1.0, 3.0 and 2.4 as of December 31, 2015, 2016 and 2017 and September 30, 2018, respectively. The decrease in current ratio from 1.8 as of December 31, 2015 to 1.0 as of December 31, 2016 was primarily due to a significant increase in our interest-bearing bank and other borrowings from RMB31.0 million as of December 31, 2015 to RMB339.2 million as of December 31, 2016. The significant increase in current ratio from 1.0 as of December 31, 2016 to 3.0 as of December 31, 2017 was primarily due to a significant increase in cash and cash equivalents from RMB21.6 million as of December 31, 2016 to RMB203.5 million as of December 31, 2017 and a significant decrease in interest-bearing bank and other borrowings from RMB339.2 million as of December 31, 2016 to RMB81.1 million as of December 31, 2017. The decrease in current ratio from 3.0 as of December 31, 2017 to 2.4 as of September 30, 2018 was primarily due to a significant increase in our interest-bearing bank and other borrowings from RMB81.1 million as of December 31, 2017 to RMB165.8 million as of September 30, 2018, partially offset by (i) an increase in trade receivables from RMB168.7 million as of December 31, 2017 to RMB216.8 million as of September 30, 2018, and (ii) an increase in prepayments, deposits and other receivables from RMB50.0 million as of December 31, 2017 to RMB83.1 million as of September 30, 2018.

Gearing Ratio

Our gearing ratio was 19.8%, 135.9%, 23.3% and 43.7% as of December 31, 2015, 2016 and 2017 and September 30, 2018, respectively. The significant increase in gearing ratio from 19.8% as of December 31, 2015 to 135.9% as of December 31, 2016 was primarily due to a significant increase in our interest-bearing bank and other borrowings from RMB31.0 million as of December 31, 2015 to RMB368.8 million as of December 31, 2016. The significant decrease in gearing ratio from 135.9% as of December 31, 2016 to 23.3% as of December 31, 2017 was primarily due to a significant decrease in other borrowings from RMB368.8 million as of December 31, 2016 to RMB81.2 million as of December 31, 2017 as we completed disposal of our finance leasing business. The increase in gearing ratio from 23.3% as of December 31, 2017 to 43.7% as of September 30, 2018 was primarily due to a significant increase in interest-bearing bank borrowings from RMB81.2 million as of December 31, 2017 to RMB165.8 million as of September 30, 2018.

FINANCIAL RISK DISCLOSURE

We are exposed to a variety of financial risks including credit risk and liquidity risk, which are set forth in detail in Notes 38 to the Accountants' Report in Appendix I to this prospectus. We regularly monitor our exposure to these risks.

Credit Risks

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

Our finance lease receivables related primarily to our discontinued operation which were typically secured with automobiles, and exposed to credit risk. The risk is mitigated by credit evaluations we perform on customers and monitor on an ongoing basis. We maintained reserves for estimated credit losses and these losses have generally been within our expectations.

The credit risk of our other financial assets, which comprise cash and cash equivalents, financial assets included in pledged deposits, prepayments, deposits and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer/counterparty, and by operating segment.

Liquidity Risks

Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. We regularly review our major funding positions to ensure that we have adequate financial resources in meeting our financial obligations.

Capital Management

The primary objectives of our capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios in order to support our business and maximize our Shareholders' value.

We manage our capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, we may adjust the dividend payment to our Shareholders, return capital to our Shareholders or issue new Shares. We are not subject to any externally imposed capital requirements. We monitor our capital using a capital leverage ratio.

For capital management purposes, the way we calculate capital leverage ratio is to divide total liabilities by the sum of capital and total liabilities. Capital represents equity attribute to the owners of the parent. The capital leverage ratio as of the dates indicated was as follows:

	As of December 31,			As of September 30,
	2015	**2016**	**2017**	**2018**
	(RMB in thousands)			
Total liabilities	113,833	401,613	143,885	208,013
Equity attributable to owners of the parent	156,581	270,879	347,990	378,586
Capital and total liabilities	270,414	672,492	491,875	586,599
Capital leverage ratio	42%	60%	29%	35%

DIVIDEND POLICY

We declared a dividend of RMB4.0 for every 10 shares (tax included) and paid this dividend to our Shareholders in July 2018 with our available cash resources.

After completion of the Global Offering, we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

There is no assurance that dividends of any amount will be declared or be distributed in any year. Currently, we do not intend to adopt a formal dividend policy or a fixed dividend distribution ratio following the Listing.

PRC laws require that dividends be paid only out of the profit for the year calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdiction, including the IFRSs. According to the applicable PRC laws and our Articles of Association, we will pay dividends out of our profit after tax only after we have made the following allocations:

- recovery of the losses incurred in the previous year;
- allocations to the statutory reserve equivalent to 10% of our profit after tax; and
- allocation to a discretionary common reserve of not less than 10% of our profit after tax that are approved by a shareholders' meeting.

DISTRIBUTABLE RESERVES

As of September 30, 2018, our distributable reserves were RMB162.8 million.

LISTING EXPENSES

As of September 30, 2018, the Group had incurred listing expenses of RMB22.5 million, of which nil was charged to our consolidated income statement and RMB22.5 million is expected to be capitalized upon the Listing. We currently expect to incur further expenses amounting to RMB47.7 million (based on the mid-point of the indicative Offer Price range of HK$26.90 per H Share) subsequent to the end of the Track Record Period, of which RMB7.4 million is expected to be charged to our consolidated income statement and RMB40.3 million is expected to be charged against equity. Listing expenses represent professional fees, underwriting commissions and other fees and expenses incurred in connection with the Listing. The listing expenses above are the latest practicable estimate and for reference only and the actual amount may differ from the estimate.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following statement of our unaudited pro forma adjusted consolidated net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Global Offering on our consolidated net tangible assets as of September 30, 2018 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the Company had the Global Offering been completed as of September 30, 2018 or any future date.

	Consolidated net tangible assets attributable to owners of the Company as of September 30, 2018(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted consolidated net tangible assets(3)	Unaudited pro forma adjusted consolidated net tangible assets per Share(4)	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$23.00 per Share	309,797	773,848	1,083,645	6.36	7.42
Based on an Offer Price of HK$30.80 per Share	309,797	1,050,087	1,359,884	7.98	9.31

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of September 30, 2018 is extracted from "Appendix I — Accountants' Report," which is based on the audited consolidated equity attributable to owners of the Company as of September 30, 2018 of approximately RMB379,944,000 less intangible assets as of September 30, 2018 of approximately RMB70,147,000.

(2) The estimated net proceeds from the Global Offering are based on the estimated offer prices of HK$23.00 or HK$30.80 per H Share, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account of any H Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.85652 prevailing on March 8, 2019.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 170,506,600 Shares are in issue assuming that the Global Offering has been completed on September 30, 2018.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.85652 prevailing on March 8, 2019.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, except as otherwise disclosed in this prospectus, as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there had been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2018, being the end date of the periods reported in the Accountants' Report included in Appendix I to this prospectus, and up to the date of this prospectus, and there was no event since September 30, 2018 that would materially affect the information as set out in the Accountants' Report.

FUTURE PLANS

Please see "Business — Our Strategies" for further details of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,064.7 million (or RMB912.0 million) (after deducting the underwriting fees and commissions and other estimated fees and expenses paid and payable by us in connection with the Global Offering and assuming full payment of the discretionary incentive fee), assuming that the Over-allotment Option is not exercised and an Offer Price of HK$26.90 per H Share, being the mid-point of the indicative Offer Price range of HK$23.00 to HK$30.80 per H Share.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately HK$425.9 million (or RMB364.8 million), representing approximately 40% of the net proceeds from the Global Offering, will be used for the development of our insurance agency business, of which:

  — RMB153.2 million (equivalent to approximately HK$178.9 million), or approximately 16.8% of the net proceeds from the Global Offering, will be allocated as start-up and/or ramp-up funding for the initial business operations of our insurance branch companies in support of our planned geographical expansion in the coming three to five years. More particularly, we target to establish branch companies in 30 cities in Guangdong, Jiangsu, Shandong, Zhejiang, Henan, Fujian, Hainan, Hebei, Jiangxi, Guizhou and Gansu provinces in three years' time, and achieve a penetration to basically cover all provinces, autonomous regions and municipalities except for Tibet, Qinghai, Xinjiang and selective Northeast China in five years' time. See "Business — Our Strategies — Advance the Presence of Our Automobile After-Sales Service Network" for further details;

  — RMB124.9 million (equivalent to approximately HK$145.9 million), or approximately 13.7% of the net proceeds from the Global Offering, will be directed towards marketing and brand promotion activities at both group and local levels to enhance our brand and service visibility in both the cities that we currently operate and, more importantly, those new cities that we intend to venture into. See "Business — Our Strategies — Advance the Presence of Our Automobile After-Sales Service Network" for further details;

  — RMB45.6 million (equivalent to approximately HK$53.2 million), or approximately 5.0% of the net proceeds from the Global Offering, will be applied towards the expansion of our network of external referral sources in tandem with our geographical expansion, including (without limitation) store front sign-posts and system and equipment installation relating to our insurance app, and to widen the installation and use of our Cheyibao camera particularly for automobile after-sales service and other auto-related outlets. See "Business — Our Strategies — Continue to Develop Automobile Insurance Marketing Channels and Expand our Omni-Channel Marketing Network" for further details; and

— RMB41.0 million (equivalent to approximately HK$47.9 million), or approximately 4.5% of the net proceeds from the Global Offering, will be used for the establishment of a centralized training center and expansion of our capacity to provide systematic trainings to our external referral sources. See "Business — Our Strategies — Continue to Develop Automobile Insurance Marketing Channels and Expand our Omni-Channel Marketing Network" for further details;

- approximately HK$298.1 million (or RMB255.4 million), representing approximately 28% of the net proceeds from the Global Offering, will be used for the development of our automobile butler services business, of which:

— RMB162.4 million (equivalent to approximately HK$189.5 million), or approximately 17.8% of the net proceeds from the Global Offering, will be allocated for the development of our B2C butler services business. In particular, approximately RMB116.8 million (or approximately 12.8% of the net proceeds from the Global Offering) will be applied towards expansion of our IT and research and development manpower (as to RMB76.1 million), investments in hardware, system infrastructure, operating platforms, apps and softwares (as to RMB22.9 million), and development of a fully operational workforce including business management as well as other operational and functional teams (as to RMB17.8 million), and approximately RMB45.6 million (or approximately 5.0% of the net proceeds from the Global Offering) will be allocated for marketing and promotion for our B2C butler service offerings. See "Business — Our Strategies — Explore the B2C Business Model and Promote Brand Recognition" for further details; and

— RMB93.0 million (equivalent to approximately HK$108.6 million), or approximately 10.2% of the net proceeds from the Global Offering, will be utilized to support our planned geographical expansion and penetration of our existing B2B2C automobile butler services business (see also "Business — Our Strategies — Advance the Presence of Our Automobile After-Sales Service Network"), including:

  - RMB35.6 million (equivalent to approximately HK$41.5 million), or 3.9% of the net proceeds from the Global Offering, for expansion of our manpower resources in business development and sales and marketing, enhancement of our training capacity and establishment of additional regional customer service centers as appropriate;

- RMB31.0 million (equivalent to approximately HK$36.2 million), or 3.4% of the net proceeds from the Global Offering, for expansion of our manpower resources in customer service and quality control to ensure we continue to uphold our quality control measures on such expanding pool of butler service providers; and

- RMB26.4 million (equivalent to approximately HK$30.9 million), or 2.9% of the net proceeds from the Global Offering, for marketing and promotion activities to enhance our brand and service visibility and further promote our services to a broader array of institutional customers.

- approximately HK$181.0 million (or RMB155.0 million), representing approximately 17% of the net proceeds from the Global Offering, will be used for further development of our IT infrastructure (see also "Business — Our Strategies — Further Enhance our Technology Capabilities"), of which:

— RMB61.4 million (equivalent to approximately HK$71.7 million), or 6.7% of the net proceeds from the Global Offering, will be allocated for upgrades and enhancements of certain of our core systems and platforms, including (without limitation) our insurance app core platform, our insurance ERP platform, our butler services core platform (which we use internally for managing our network of automobile butler service providers and their various types of services), our butler reservation services platform (which we use for management of our reservation services such as designated driving and pick-up services), and expansion of our hardware and middleware infrastructure in support of our overall IT infrastructure expansion. Our butler services core platform and butler reservation services platform, as mentioned herewith, are primarily for the Group's existing B2B2C automobile butler services business, and are different from the B2C service mall and B2C butler service app we intend to develop for our new B2C butler services business. As such, net proceeds allocated herewith do not overlap with those allocated for development of our B2C butler services business; and

— RMB93.6 million (equivalent to approximately HK$109.3 million), or 10.3% of the net proceeds from the Global Offering, will be allocated for the development and implementation of new software systems and platforms to further optimize our operational process and enhance our operational and management efficiency, including (without limitation) our own cloud platform (which are currently budgeted at RMB50.9 million), a butler services SaaS platform (a cloud platform for our butler service providers that improves our centralized management of automobile butler services) and a Cheyibao SaaS platform.

- approximately HK$53.2 million (or RMB45.6 million), representing approximately 5% of the net proceeds from the Global Offering, will be used for domestic and/or overseas strategic investment and acquisition opportunities. See "Business — Our Strategies — Pursue Strategic Alliance, Investment and Acquisition Opportunities"; and

- approximately HK$106.5 million (or RMB91.2 million), representing approximately 10% of the net proceeds from the Global Offering, will be used for additional working capital and other general corporate purposes.

In the event that the Offer Price is set at HK$23.00 per Offer Share (being the bottom end of the indicative Offer Price range), the estimated net proceeds we will receive will be reduced by approximately HK$161.3 million, assuming the Over-allotment Option is not exercised. In the event that the Offer Price is set at HK$30.80 per Offer Share (being the top end of the indicative Offer Price range), the estimated net proceeds we will receive will be increased by approximately HK$161.3 million, assuming the Over-allotment Option is not exercised. In such event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis and we will consider internal resources or external financing for the relevant purposes in the case of decrease of net proceeds allocated.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds ranging from approximately HK$142.6 million (assuming an Offer price of HK$23.00, being the bottom end of the proposed Offer Price range) to HK$191.0 million (assuming an Offer price of HK$30.80, being the top end of the proposed Offer Price range), after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the same initial public Offer Price as stated above. We intend to apply the additional net proceeds to the above uses on a pro rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments with banks or financial institutions in Hong Kong or the PRC. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

China Galaxy International Securities (Hong Kong) Co., Limited

China International Capital Corporation Hong Kong Securities Limited

CMB International Capital Limited

CCB International Capital Limited

ABCI Securities Company Limited

Huatai Financial Holdings (Hong Kong) Limited

Zhongtai International Securities Limited

China Industrial Securities International Capital Limited

Guotai Junan Securities (Hong Kong) Limited

CGS-CIMB Securities (Hong Kong) Limited

Golden Rich Securities Limited

Lead Securities (HK) Limited

Lego Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering 4,262,800 Hong Kong Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on the terms and subject to the conditions in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering as mentioned in this prospectus (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn, and to (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, amongst others, the Joint Representatives (for themselves and on behalf of the Hong Kong

Underwriters) and our Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly to subscribe, or procure subscribers to subscribe for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions as set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, amongst other things, the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination, if, at any time prior to 8:00 a.m. on the Listing Date:

(a) there shall develop, occur, exist or come into force:

(i) any new law or any change or development involving a prospective change in any existing law or regulation, or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the British Virgin Islands or any other jurisdiction relevant to any member of the Group or the Global Offering (collectively, the "**Relevant Jurisdictions**" and each a "**Relevant Jurisdiction**"); or

(ii) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in any change or development, involving a prospective change in any local, national, regional or international financial, political, military, industrial, fiscal, economic, regulatory, market or currency matters or conditions or exchange control or any monetary or trading settlement system (including but not limited to conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong dollar is linked to the U.S. dollar or the Renminbi is linked to any foreign currencies) in or affecting any of the Relevant Jurisdictions; or

(iii) the imposition of any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the London Stock Exchange, the Singapore Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the New York Stock Exchange, the American Stock Exchange or in the NASDAQ Global Market; or

(iv) any general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions; or

(v) a change or development or event involving a prospective change in taxation as defined in the Hong Kong Underwriting Agreement or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies) in any of the Relevant Jurisdictions adversely affecting an investment in the Offer Shares; or

(vi) any event or series of events or circumstance in the nature of force majeure in or affecting directly or indirectly any of the Relevant Jurisdictions including, without limiting the generality thereof, any act of God, act of government, declaration of a national or international emergency or war, calamity, crisis, riot, public disorder, civil commotion, fire, flood, explosion, epidemic (including SARS, swine or avian flu, H5N1, H1N1, H7N9 or such related/mutated forms), pandemic, outbreak of infectious disease, economic sanctions, earthquake, terrorism; or

(vii) any adverse change or development or event involving a prospective adverse change or development in the assets, liabilities, shareholders' equity, profits, losses, results of operations, performance, condition (financial or otherwise), trading position of any member of the Group; or

(viii) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any government, political, regulatory body of any action against any Director in his or her capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or

(ix) the chairman or chief executive officer of the Company or any of the Director vacating his or her office; or

(x) a governmental authority (as defined in the Hong Kong Underwriting Agreement) or a political or regulatory body or organization in any Relevant Jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group or any Director; or

(xi) any litigation or claim or proceedings (as defined in the Hong Kong Underwriting Agreement) being threatened or instigated against any member of the Group; or

(xii) any contravention by any member of the Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the PRC Company Law, the Listing Rules or other applicable laws; or

(xiii) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling the Offer Shares (including the Offer Shares allotted or sold under the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiv) any change or prospective change in, or a materialization of, any of the risks set out the section headed "Risk Factors" in this prospectus; or

(xv) an order or a petition is presented for the winding up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group,

and which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors:

(A) has or will have or is likely to have a material adverse effect to the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profit, losses, results of operations, financial or trading position, or performance of the Group as a whole; or

(B) has or will have or is likely to have a material adverse change on the success of the Hong Kong Public Offering or the International Offering or the level of Offer Shares being applied for or accepted or subscribed for or purchased or the distribution of Offer Shares; or

(C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering or the delivery of the Offer Shares to be performed or implemented or proceed as envisaged or to market the Global Offering; or

(D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting, the Hong Kong Public Offering and/or the Global Offering) incapable of performance in accordance with its terms therein or which prevents or delays the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in any of the Hong Kong Public Offering Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or authorized by the Company to be issued or used on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecasts, expressions of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements issued or used by or authorized by the Company to be issued or used on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not fair and honest and based on reasonable assumptions; or

(ii) any material non-compliance of the Hong Kong Public Offering Documents (or any other documents approved and used in connection with the contemplated subscription and sale of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws or regulation; or

(iii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(iv) any breach on the part of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters or their respective affiliates); or

(v) any event, act or omission which gives or is likely to give rise to any material liability of the Company or the covenantors pursuant to the indemnities given by the Company, the covenantors or any of them under the Hong Kong Underwriting Agreement; or

(vi) any breach, or any event or circumstance rendering any of the warranties (as defined in the Hong Kong Underwriting Agreement) untrue or incorrect or misleading in any respect, then the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors may, in their sole and absolute discretion and upon giving notice in writing to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further H Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of H Shares or securities will be completed within six months from the Listing Date), except:

(a) in certain circumstances prescribed by Rule 10.08 of the Listing Rules; or

(b) pursuant to the Global Offering (including the Over-allotment Option).

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months from the Listing Date (the "**First Six-Month Period**"), we will not, without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and the Joint Sponsors and unless in compliance with the requirements of the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, assign, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (the "**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, or repurchase, any legal or beneficial interest in the share capital or any other equity securities or securities convertible into equity security of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities or securities convertible into equity securities of our Company, as applicable), or deposit any share capital or other equity securities or securities convertible into equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of such share capital or any other securities of our Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company, as applicable); or

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Company will or may enter into any transaction described above. Our Company further agrees that, in the event of an issue or disposal of any H Shares or any interest therein after the First Six-Month Period expires, it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offer to or agree to announce any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each Controlling Shareholder has undertaken to each of the Stock Exchange and our Company that, except pursuant to the Global Offering (including the Over-allotment Option) and save as permitted under the Listing Rules, he/she/it shall not, and shall procure that the relevant registered holder shall not, without the prior written consent of the Stock Exchange:

(i) in the period commencing on the date by reference to which disclosure of his/her/its shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our H Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner(s) (as defined in Rule 10.07(2) of the Listing Rules) (the "**Relevant Securities**"); and

(ii) in the period of six months commencing from the expiry of the period referred to in paragraph (i) above, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder or a group of controlling shareholders (as defined in the Listing Rules) of our Company.

In addition, in accordance with Note 3 to Rule 10.07 of the Listing Rules, each Controlling Shareholder has undertaken to the Stock Exchange and our Company that, during the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will:

(a) when he/she/it pledges or charges any direct or indirect interest in the Relevant Securities in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of the Relevant Securities so pledged or charged; and

(b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Relevant Securities will be disposed of, immediately inform our Company of such indications.

Each Controlling Shareholder has undertaken to each of our Company, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, without the prior written consent of the Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) he or it will not, and procure that none of its affiliates will not, at any time during the First Six-Month Period (A) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly (including by way of altering the composition or classes of beneficiaries of any trust), conditionally or unconditionally, any share capital or other equity securities of our Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities or securities convertible into equity securities of our Company, as applicable), or deposit any share capital or other equity securities or securities convertible into equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase any share capital or other equity securities or securities convertible into equity securities of our Company, as applicable); or (C) enter into any transaction with the same economic effect as any transaction specified in (A) or (B) above, or (D) offer to or agree to or announce, or publicly disclose, any intention to effect any transaction specified in (A), (B) or

(C) above, in each case, whether any of the transactions specified in (A), (B) or (C) above is to be settled by delivery of Shares or other securities of our Company (whether or not the issue of such Shares or other securities of our Company will be completed within the First Six-Month Period);

(ii) it will not and it will procure that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it will, during the Second Six-Month Period, enter into any of the transactions specified in (i)(A), (B) or (C) above or offer to or agree to or announce any intention to effect any such transaction unless in compliance with the requirements of the Listing Rules;

(iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (i)(A), (B) or (C) above or offers to or agrees to or announces any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company; and

(iv) without limiting the above, he or it will, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, (A) upon any pledge or charge in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) of any Shares or securities or interests in the Shares or securities of our Company beneficially owned by him/it for a bona fide commercial loan, immediately inform our Company, the Joint Representatives and the Joint Sponsors in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and (B) upon any indication received by him/it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities or interests in the Shares or securities of the Company will be disposed of, immediately inform our Company, the Joint Representatives and the Joint Sponsors in writing of such indications,

provided that nothing as stated above shall prevent the Controlling Shareholders from using the securities of our Company or any interest therein beneficially owned by them as security (including a charge or a pledge) in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan.

Indemnity

We have agreed to indemnify among others, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, losses incurred arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Commission and Expenses and Joint Sponsors' Fee

The Joint Representatives (for themselves and on behalf of the Hong Kong Underwriters) will receive an underwriting commission equal to 2.5% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding the Offer Shares reallocated to and from the Hong Kong Public Offering) in the Global Offering. In addition, the Company may at its sole and absolute discretion elect to pay an incentive fee up to 0.5% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding Offer Shares reallocated to and from the Hong Kong Public Offering), such fee to be allocated among the Hong Kong Underwriters in such proportions as may be determined by the Company.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$26.90 (being the mid-point of our Offer Price range stated in this prospectus), the aggregate commissions and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee of 0.005% per H Share, SFC transaction levy of 0.0027% per H Share, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated to be approximately RMB70.2 million.

An aggregate amount of US$1,200,000 is payable by the Company as sponsor fees to the Joint Sponsors.

Hong Kong Underwriters' Interests in Our Company

Save for the obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding or beneficial interests in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, it is expected that the International Underwriters would, subject to certain conditions set out therein, severally but not jointly, agree to procure purchasers for, or to purchase, the International Offer Shares being offered pursuant to the International Offering or procure purchasers for their respective applicable proportions of International Offer Shares. See "Structure of the Global Offering — The International Offering" for details.

Over-allotment Option and Stabilization

For more details of the arrangements relating to the Over-allotment Option and stabilization, see "Structure of the Global Offering."

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

ACTIVITIES BY SYNDICATE MEMBERS

We describe below a variety of activities that underwriters of the Hong Kong Public Offering and the International Offering, together referred to as "Syndicate Members," may each individually undertake, and which do not form part of the underwriting or the stabilizing process. When engaging in any of these activities, it should be noted that the Syndicate Members are subject to restrictions, including the following:

a. under the agreement among the Syndicate Members, all of them (except for the Stabilizing Manager or its designated affiliate as the Stabilizing Manager) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

b. all of them must comply with all applicable laws, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

The Syndicate Members and their affiliates are diversified financial institutions. These entities may engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the accounts of others. In relation to our H Shares, those activities could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate

Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering." Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

INDEPENDENCE OF THE JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(a) the Hong Kong Public Offering of initially 4,262,800 Offer Shares (subject to reallocation) in Hong Kong as described below in "— The Hong Kong Public Offering;" and

(b) the International Offering of an aggregate of initially 38,363,800 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in reliance on Regulation S or other available exemption from the registration requirements of the U.S. Securities Act.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares Initially Offered

We are initially offering 4,262,800 Hong Kong Offer Shares, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between (i) the International Offering, and (ii) the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.50% of our Company's enlarged issued share capital immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in "— Conditions of the Hong Kong Public Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) will be divided into two pools for allocation purposes, namely: Pool A and Pool B, with any odd board lots being allocated to Pool A.

Pool A: The Hong Kong Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

Poor B: The Hong Kong Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with a total subscription price of more than HK$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value of pool B.

For the purpose of this sub-section only, the "subscription price" for Hong Kong Offer Shares means the price payable on application (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 2,131,400 Hong Kong Offer Shares (being 50% of the 4,262,800 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

Paragraph 4.2 of Practice Note 18 of the Listing Rules and the Guidance Letter HKEx-GL91-18 issued by the Stock Exchange require a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if the Offer Shares under the International Offering are fully subscribed or oversubscribed and certain prescribed total demand levels in the Hong Kong Public Offering are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 4,262,800 Offer Shares, representing approximately 10% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 12,788,000 Offer Shares, representing approximately 30% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 17,050,800 Offer Shares, representing approximately 40% of the Offer Shares initially available under the Global Offering.

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 21,313,400 Offer Shares, representing approximately 50% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Representatives (for themselves and on behalf of the Underwriters) deem appropriate.

In addition, the Joint Representatives (for themselves and on behalf of the Underwriters) may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If the Offer Shares under the International Offering are not fully subscribed, and if the number of Offer Shares validly applied for in the Hong Kong Public Offering represents more than 100% of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Joint Representatives may, at their discretion, reallocate the Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, provided that the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering shall not be increased to more than 8,525,600 Offer Shares, representing two times the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering and approximately 20% of the total number of Offer Shares initially available under the Global Offering in accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, and the Final Offer Price shall be fixed at the bottom end of the Indicative Offer Price range (i.e., HK$23.00 per Offer Share) stated in this prospectus.

If the Hong Kong Public Offering is not fully subscribed, the Joint Representatives (for themselves and on behalf of the Underwriters) have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Representatives deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest in, and will not apply for or take up, or indicate an interest in, any International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$30.80 per Offer Share in addition to the brokerage, SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the maximum price of HK$30.80 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for the Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the International Offering will be 38,363,800, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 22.50% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, H Shares, after the listing of our H Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Representatives (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Representatives (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part described in "— Over-allotment Option" below, and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Representatives (for themselves and on behalf of the International Underwriters).

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters, which will be exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Representatives (for themselves and on behalf of the International Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to 6,393,990 additional Offer Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 3.61% of our Company's enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules, as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (ii) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Offer Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Offer Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (v) selling or agreeing to sell any Offer Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the H Shares;

- there is no certainty regarding the extent to which or the time or period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market may have an adverse impact on the market price of the H Shares;

- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period which will begin on the Listing Date, and is expected to expire on Sunday, April 21, 2019, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares and therefore the price of the H Shares, could fall;

- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by the applicants for, or investors in, acquiring the Offer Shares.

In effecting stabilization actions, the Stabilizing Manager will arrange to cover up to an aggregate of 6,393,990 H Shares, representing up to 15% of the initial Offer Shares, through delayed delivery or deferred settlement arrangements with investors who have been offered Offer Shares under the International Offering. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether sufficient number of H Shares will be made available under delayed settlement or deferred settlement arrangements. There will be no stabilization actions and no exercise of the Over-allotment Option should no investors be willing to enter into such delayed delivery or deferred settlement arrangements.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

PRICING AND ALLOCATION

Determining the Offer Price

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Friday, March 22, 2019 and in any event on or before Monday, March 25, 2019 by agreement between the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

Offer Price Range

The Offer Price per Offer Share under the Hong Kong Public Offering will be identical to the offer price per Offer Share under the International Offering based on the Hong Kong dollar price per Offer Share under the International Offering, as determined by the Joint Representatives (for themselves and on behalf of the Underwriters) and our Company.

The Offer Price will not be more than HK$30.80 per Offer Share and is expected to be not less than HK$23.00 per Offer Share, unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price Payable on Application

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$30.80 per Hong Kong Offer Share (plus 1.0% brokerage, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee). If the Offer Price is less than HK$30.80, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies, without any interest) will be made to successful applications.

If, for any reason, our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Monday, March 25, 2019, the Global Offering will not proceed and will lapse.

Reduction in Number of Offer Shares

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Joint Representatives, for themselves and on behalf of the Underwriters, and our Company, will under no circumstances be set outside the offer price range as stated in this prospectus. However, if the number of Offer Shares and/or the Offer Price range is reduced, applicants under the Hong Kong Public Offering will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

In the event of a reduction in the number of Offer Shares, the Joint Representatives (for themselves and on behalf of the Underwriters) may, at their discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Representatives (for themselves and on behalf of the Underwriters).

Announcement of Offer Price and Basis of Allocations

The final Offer Price, the level of indications of interest in the Global Offering, the results of allocations and the basis of allotment of the Hong Kong Offer Shares are expected to be announced on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of our Company at **www.auto1768.com**.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other thing, our Company and the Joint Representatives, for themselves and on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarized in "Underwriting."

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including any additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option) and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(b) the Offer Price having been duly agreed between us and the Joint Representatives (for themselves and on behalf of the Underwriters);

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between our Company and the Joint Representatives (for themselves and on behalf of the Underwriters) on or before Monday, March 25, 2019, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www.auto1768.com** on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for the Hong Kong Offer Shares." In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker(s) or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued by us pursuant to the Global Offering (including the additional H Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Except for the Domestic Shares of the Company that have been quoted on the NEEQ and our pending application to the Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

H SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our H Shares and our Company complies with the stock admission requirements of HKSCC, our H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, March 29, 2019, it is expected that dealings in our H Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, March 29, 2019. Our H Shares will be traded in board lots of 200 Shares. The stock code of our H Shares will be 1879.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Joint Representatives may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of H Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a close associate (as defined in the Listing Rules) of any of the above;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering; or
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Tuesday, March 19, 2019 until 12:00 noon on Friday, March 22, 2019 from:

(i) any of the following offices of the Hong Kong Underwriters:

China Galaxy International Securities (Hong Kong) Co., Limited	20/F, Wing On Center 111 Connaught Road Central Sheung Wan Hong Kong
China International Capital Corporation Hong Kong Securities Limited	29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong

CMB International Capital Limited	45th Floor Champion Tower 3 Garden Road Central Hong Kong
CCB International Capital Limited	12/F CCB Tower 3 Connaught Road Central Central Hong Kong
ABCI Securities Company Limited	10th Floor Agricultural Bank of China Tower 50 Connaught Road Central Hong Kong
Huatai Financial Holdings (Hong Kong) Limited	Unit 5801-05&08-12 58th Floor The Center 99 Queen's Road Central Hong Kong
Zhongtai International Securities Limited	19th Floor Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
China Industrial Securities International Capital Limited	7th Floor Three Exchange Square 8 Connaught Place Central Hong Kong
Guotai Junan Securities (Hong Kong) Limited	27th Floor Lower Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
CGS-CIMB Securities (Hong Kong) Limited	25th Floor Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
Golden Rich Securities Limited	22th Floor Siu On Centre 188 Lockhart Road Wan Chai Hong Kong

Lead Securities (HK) Limited	Unit A, 23/F The Wellington 198 Wellington Street Sheung Wan Hong Kong
Lego Securities Limited	Room 301 3th Floor China Building 29 Queen's Road Central Central Hong Kong

(ii) or any of the following outlets or branches of the receiving banks:

(a) **Bank of Communications Co., Ltd. Hong Kong Branch**

District	Outlet	Address
Hong Kong Island	Business Department	20 Pedder Street Central
	Taikoo Shing Sub-Branch	Shop 38 G/F., CityPlaza 2 18 Taikoo Shing Road
Kowloon	Jordan Road Sub-Branch	1/F., Booman Building 37U Jordan Road
	Lam Tin Sub-Branch	Shop No. 5 & 9 G/F., Kai Tin Towers 51-67C Kai Tin Road, Lam Tin
New Territories	Fanling Sub-Branch	Shop No. 84A-84B G/F., Flora Plaza Fanling

(b) **CMB Wing Lung Bank, Limited**

District	Branch	Address
Hong Kong Island	North Point Branch	361 King's Road
Kowloon	San Po Kong Branch	8 Shung Ling Street
	Mongkok Branch	B/F CMB Wing Lung Bank Centre, 636 Nathan Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, March 19, 2019 until 12:00 noon on Friday, March 22, 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. — Sun Car Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the outlets or branches of the receiving banks listed above, at the following times:

Tuesday, March 19, 2019	—	9:00 a.m. to 5:00 p.m.
Wednesday, March 20, 2019	—	9:00 a.m. to 5:00 p.m.
Thursday, March 21, 2019	—	9:00 a.m. to 5:00 p.m.
Friday, March 22, 2019	—	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, March 22, 2019, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists" below.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Representatives (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any H share certificate(s) and/or any e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund check(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "— 2. Who Can Apply" above, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, March 19, 2019 until 11:30 a.m. on Friday, March 22, 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, March 22, 2019 or such later time under the "— 10. Effects of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Sun Car Insurance Agency Co., Ltd." **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Dongjiang River Source Tree Planting" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Representatives and our H Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Representatives will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Representatives, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our H Share Registrar, receiving banks, the Joint Representatives, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

- agree with the Company, for itself and for the benefit of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company (and so that the Company will be deemed by its acceptance in whole or in part of this application to have agreed, for itself and on behalf of each shareholder of the Company and each director, supervisor, manager and other senior officer of the Company, with each CCASS Participant giving electronic application instructions):

(a) to refer all differences and claims arising from the Articles of Association of the Company or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association of the Company;

(b) that any award made in such arbitration shall be final and conclusive; and

(c) that the arbitration tribunal may conduct hearings in open sessions and publish its award;

- agree with the Company (for the Company itself and for the benefit of each shareholder of the Company) that H shares in the Company are freely transferable by their holders;

- authorise the Company to enter into a contract on its behalf with each director and officer of the Company whereby each such director and officer undertakes to observe and comply with his obligations to shareholders stipulated in the Articles of Association of the Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 200 Hong Kong Offer Shares. Instructions for more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates[1]:

- Tuesday, March 19, 2019 — 9:00 a.m. to 8:30 p.m.
- Wednesday, March 20, 2019 — 8:00 a.m. to 8:30 p.m.
- Thursday, March 21, 2019 — 8:00 a.m. to 8:30 p.m.
- Friday, March 22, 2019 — 8:00 a.m. to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, March 19, 2019 until 12:00 noon on Friday, March 22, 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, March 22, 2019, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application Lists" below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the H Share Registrar, the receiving bank(s), the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Joint Representatives, the Joint Global Coordinators, the Joint Sponsors, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, March 22, 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for H Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for H Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 200 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 200 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

See "Structure of the Global Offering — Pricing and Allocation" in this prospectus for further details regarding the Offer Price.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, March 22, 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, March 22, 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on our Company's website at **www.auto1768.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.auto1768.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Thursday, March 28, 2019;

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, March 28, 2019 to 12:00 midnight on Wednesday, April 3, 2019;

- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, March 28, 2019 to Sunday, March 31, 2019;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, March 28, 2019 to Saturday, March 30, 2019 at all the receiving banks' designated outlets or branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Representatives, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;
- your payment is not made correctly or the check or banker's cashier order paid by you is dishonored upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Representatives believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$30.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the check or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, March 28, 2019.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund check(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer

Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund check, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund check(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund check(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund checks and share certificates are expected to be posted on or before Thursday, March 28, 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, March 29, 2019 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" has not been exercised. Investors who trade shares prior to the receipt of share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund check(s) and/or share certificate(s) from the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, March 28, 2019 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, March 28, 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund check(s) will be sent to the address on the relevant Application Form on or before Thursday, March 28, 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, March 28, 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. Thursday, March 28, 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, March 28, 2019, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/e-Refund payment instructions/refund checks.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, March 28, 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, March 28, 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, March 28, 2019. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, March 28, 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, March 28, 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, March 28, 2019.

15. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
Sun Car Insurance Agency Co., Ltd.

China Galaxy International Securities (Hong Kong) Co., Limited
China International Capital Corporation Hong Kong Securities Limited

Dear Sirs,

We report on the historical financial information of Sun Car Insurance Agency Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-11, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2018 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2015, 2016 and 2017 and 30 September 2018 and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-81 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated March 19, 2019 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

In preparing the Historical Financial Information, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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 ("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' judgment, 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 set out in note 2.1 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 purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2015, 2016 and 2017 and 30 September 2018 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the nine months ended 30 September 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements

2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which contains information about the dividends paid or declared by the Company in respect of the Relevant Periods.

Yours faithfully,

Certified Public Accountants
Hong Kong

March 19, 2019

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young, Hong Kong in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "IAASB") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Section II Notes	Year ended 31 December			Nine months ended 30 September	
		2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CONTINUING OPERATIONS						
REVENUE	*5(a)*	238,799	451,711	816,809	482,955	1,039,288
Cost of sales	*6(a)*	(162,524)	(337,163)	(670,699)	(393,527)	(877,040)
Gross profit		76,275	114,548	146,110	89,428	162,248
Other income and gains	*5(b)*	4,760	6,983	5,922	4,756	8,410
Selling and distribution expenses		(20,614)	(41,635)	(39,139)	(25,452)	(41,371)
Administrative expenses		(22,234)	(19,502)	(19,678)	(17,434)	(26,711)
Finance costs	*7*	(1,396)	(3,225)	(3,428)	(2,430)	(4,776)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	*6*	36,791	57,169	89,787	48,868	97,800
Income tax expense	*10*	(7,789)	(9,976)	(15,025)	(8,046)	(15,727)
PROFIT FOR THE YEAR/PERIOD FROM CONTINUING OPERATIONS		29,002	47,193	74,762	40,822	82,073
DISCONTINUED OPERATION						
Profit/(loss) for the year/period from a discontinued operation	*11*	96	447	2,963	(4,007)	—
PROFIT FOR THE YEAR/PERIOD		29,098	47,640	77,725	36,815	82,073
Attributable to:						
Owners of the parent		28,896	47,498	77,111	36,378	81,748
Non-controlling interests		202	142	614	437	325
		29,098	47,640	77,725	36,815	82,073
Total comprehensive income attributable to:						
Owners of the parent		28,896	47,498	77,111	36,378	81,748
Non-controlling interests		202	142	614	437	325
		29,098	47,640	77,725	36,815	82,073
EARNING PER SHARE ATTRIBUTED TO ORDINARY EQUITY HOLDERS OF THE PARENT	*13*					
Basic and diluted						
— For profit for the year/period		RMB0.25	RMB0.38	RMB0.60	RMB0.28	RMB0.64
— For profit from continuing operations		RMB0.25	RMB0.38	RMB0.58	RMB0.32	RMB0.64

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Section II Notes	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 September 2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property and equipment	*14*	3,098	5,943	5,040	11,461
Intangible assets	*15*	15,648	56,539	58,534	70,147
Prepayments	*17*	1,200	430	728	—
Finance lease receivables	*19*	40,109	241,984	—	—
Deferred tax assets	*23*	579	3,114	3,729	4,603
Total non-current assets		60,634	308,010	68,031	86,211
CURRENT ASSETS					
Trade receivables	*16*	42,984	97,938	168,674	216,792
Prepayments, deposits and other receivables	*18*	43,954	85,614	50,025	83,140
Finance lease receivables	*19*	19,484	155,834	—	—
Pledged deposits	*20*	1,217	3,944	2,723	2,724
Cash and cash equivalents	*20*	102,418	21,571	203,455	199,090
Total current assets		210,057	364,901	424,877	501,746
CURRENT LIABILITIES					
Trade payables	*21*	4,255	7,504	31,891	10,485
Other payables and accruals	*22*	71,552	12,721	13,121	16,817
Interest-bearing bank and other borrowings	*24*	31,000	339,217	81,126	165,840
Income tax payable		3,445	5,401	8,990	6,055
Contract liabilities	*25*	3,581	7,223	8,640	8,806
Total current liabilities		113,833	372,066	143,768	208,003
NET CURRENT ASSETS/(LIABILITIES)		96,224	(7,165)	281,109	293,743
TOTAL ASSETS LESS CURRENT LIABILITIES		156,858	300,845	349,140	379,954
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*24*	—	29,547	117	10
Total non-current liabilities		—	29,547	117	10
Net assets		156,858	271,298	349,023	379,944
EQUITY					
Equity attributable to owners of the parent					
Share capital	*26*	60,600	127,880	127,880	127,880
Other reserves	*28*	95,981	142,999	220,110	250,706
		156,581	270,879	347,990	378,586
Non-controlling interests		277	419	1,033	1,358
Total equity		156,858	271,298	349,023	379,944

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Share premium	Share-based compensation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 *(note 26)*	*RMB'000** *(note 28)*	*RMB'000** *(note 27)*	*RMB'000** *(note 28)*	*RMB'000**	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	51,000	18,785	—	—	(4,169)	65,616	275	65,891
Total comprehensive income	—	—	—	—	28,896	28,896	202	29,098
Issue of shares	9,600	47,721	—	—	—	57,321	—	57,321
Share-based payment	—	—	4,748	—	—	4,748	—	4,748
Transfer from retained profits	—	—	—	346	(346)	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	(200)	(200)
At 31 December 2015 and 1 January 2016	60,600	66,506	4,748	346	24,381	156,581	277	156,858
Total comprehensive income	—	—	—	—	47,498	47,498	142	47,640
Issue of shares	3,340	63,460	—	—	—	66,800	—	66,800
Transfer from share premium	63,940	(63,940)	—	—	—	—	—	—
Transfer from retained profits	—	—	—	1,351	(1,351)	—	—	—
At 31 December 2016 and 1 January 2017	127,880	66,026	4,748	1,697	70,528	270,879	419	271,298

	Attributable to owners of the parent							
	Share capital	Share premium	Share-based compensation reserve	Statutory reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000**	*RMB'000**	*RMB'000**	*RMB'000**	*RMB'000*	*RMB'000*	*RMB'000*
	(note 26)	*(note 28)*	*(note 27)*	*(note 28)*				
At 31 December 2016 and 1 January 2017	127,880	66,026	4,748	1,697	70,528	270,879	419	271,298
Total comprehensive income	—	—	—	—	77,111	77,111	614	77,725
Transfer from retained profits	—	—	—	7,284	(7,284)	—	—	—
At 31 December 2017 and 1 January 2018	127,880	66,026	4,748	8,981	140,355	347,990	1,033	349,023
Total comprehensive income	—	—	—	—	81,748	81,748	325	82,073
Dividend declared	—	—	—	—	(51,152)	(51,152)	—	(51,152)
At 30 September 2018	127,880	66,026	4,748	8,981	170,951	378,586	1,358	379,944
At 1 January 2017	127,880	66,026	4,748	1,697	70,528	270,879	419	271,298
Total comprehensive income (unaudited)	—	—	—	—	36,378	36,378	437	36,815
At 30 September 2017 (unaudited)	127,880	66,026	4,748	1,697	106,906	307,257	856	308,113

* These reserve accounts comprise the consolidated reserves of RMB95,981,000, RMB142,999,000, RMB220,110,000 and RMB250,706,000 in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and 30 September 2018, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Section II Notes	Year ended 31 December			Nine months ended 30 September	
		2015	2016	2017	2017	2018
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOW FROM OPERATING ACTIVITIES						
Profit before tax						
From continuing operation		36,791	57,169	89,787	48,868	97,800
From discontinued operation		106	712	3,596	(5,295)	—
Adjustments for:						
Depreciation of items of property and equipment	*14*	1,143	2,647	2,364	1,769	1,690
Amortisation of intangible assets	*15*	544	5,023	12,702	9,278	11,335
Gain on disposal of items of property and equipment		—	(97)	(9)	(13)	(4)
Gain on disposal of a discontinued operation	*11*	—	—	(3,294)	—	—
Finance cost		1,396	3,225	3,428	2,430	4,776
Impairment/(reversal of impairment) of trade receivables	*16/6(c)*	740	2,238	(33)	3,614	3,196
(Reversal of impairment)/impairment of other receivables	*18*	(1,005)	435	61	276	(125)
Impairment of finance lease receivables	*19*	—	4,310	10,745	8,128	—
Investment income from entrusted loans	*5(b)/6(c)*	(2,636)	(2,428)	(1,528)	(1,149)	(670)
Share-based compensation expense	*6(b)*	4,748	—	—	—	—
		41,827	73,234	117,819	67,906	117,998
Increase in trade receivables		(19,444)	(57,192)	(70,703)	(35,139)	(51,314)
(Increase)/decrease in prepayments, deposits and other receivables		(2,245)	(41,323)	5,025	(48,224)	(30,225)
Increase/(decrease) in trade payables		2,649	3,249	24,551	31,020	(21,406)
Increase/(decrease) in other payables and accruals		656	7,249	21,560	8,908	(3,242)
Decrease/(increase) in pledged deposits		21,196	(507)	(7,771)	(5,002)	(1)
Increase in contract liabilities		3,018	3,642	1,417	219	166
Increase in finance lease receivables		(59,593)	(342,535)	(162,501)	(159,089)	—
Cash used in operations		(11,936)	(354,183)	(70,603)	(139,401)	11,976
Income tax paid		(4,820)	(10,820)	(14,028)	(12,533)	(19,535)
Net cash flows used in operating activities		(16,756)	(365,003)	(84,631)	(151,934)	(7,559)

	Section II Notes	Year ended 31 December 2015	2016	2017	Nine months ended 30 September 2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income from entrusted loans		2,636	2,428	1,528	1,149	670
Purchase of items of property and equipment		(1,508)	(3,840)	(2,770)	(2,089)	(7,676)
Proceeds from disposal of items of property and equipment		—	108	60	62	53
Additions to intangible assets		(15,834)	(45,144)	(17,291)	(10,852)	(22,760)
Acquisition of a subsidiary	*30*	—	(1,345)	(648)	—	—
Disposal of a discontinued operation	*11*	—	—	75,445	—	—
Net decrease in entrusted loans		—	—	—	—	20,000
Acquisition of non-controlling interests		(200)	—	—	—	—
Net cash flows (used in)/from investing activities		(14,906)	(47,793)	56,324	(11,730)	(9,713)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from issue of shares		124,121	—	—	—	—
Dividend paid		—	—	—	—	(51,152)
New bank loans		40,500	83,220	58,780	31,000	175,700
Repayment of bank loans		(39,500)	(31,000)	(61,000)	(48,220)	(91,000)
(Decrease)/increase in finance lease payables		—	(25)	(155)	5	(115)
Proceeds from other borrowings		—	393,164	213,730	229,257	—
Repayment of other borrowings		—	(107,974)	—	—	—
(Increase)/decrease in pledged deposits		—	(2,220)	2,220	2,220	—
Payment of listing expenses		—	—	—	—	(15,771)
Interest paid		(1,396)	(3,216)	(3,384)	(2,397)	(4,755)
Net cash flows from financing activities		123,725	331,949	210,191	211,865	12,907
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		92,063	(80,847)	181,884	48,201	(4,365)
Cash and cash equivalents at beginning of year/period		10,355	102,418	21,571	21,571	203,455
CASH AND CASH EQUIVALENTS AT THE END OF YEAR/PERIOD		102,418	21,571	203,455	69,772	199,090
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the statement of financial position	*20*	102,418	21,571	203,455	69,772	199,090
Cash and cash equivalents as stated in the statement of cash flows		102,418	21,571	203,455	69,772	199,090

STATEMENTS OF FINANCIAL POSITION

	Section II Note	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at 30 September 2018
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property and equipment	14	1,165	2,094	1,787	3,008
Intangible assets	15	2,940	10,905	15,989	26,644
Prepayments	17	1,200	430	728	—
Deferred tax assets	23	42	162	365	830
Investment in subsidiaries	29	73,054	106,054	21,054	61,054
Total non-current assets		78,401	119,645	39,923	91,536
CURRENT ASSETS					
Trade receivables	16	2,084	16,811	67,283	44,687
Prepayments, deposits and other receivables	18	55,677	124,569	123,040	154,922
Pledged deposits	20	1,011	1,014	1,017	1,020
Cash and cash equivalents	20	90,199	12,279	167,659	162,227
Total current assets		148,971	154,673	358,999	362,856
CURRENT LIABILITIES					
Trade payables	21	559	453	13,698	174
Other payables and accruals	22	67,259	4,101	21,419	33,729
Interest-bearing bank borrowings	24	31,000	61,000	81,000	165,700
Tax payable		539	396	1,645	1,102
Contract liabilities	25	—	42	—	70
Total current liabilities		99,357	65,992	117,762	200,775
NET CURRENT ASSETS		49,614	88,681	241,237	162,081
Net assets		128,015	208,326	281,160	253,617
EQUITY					
Share capital	26	60,600	127,880	127,880	127,880
Other reserves	28	67,415	80,446	153,280	125,737
Total equity		128,015	208,326	281,160	253,617

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Sun Car Insurance Agency Co., Ltd. (the "Company") is a joint stock limited liability company established in the People's Republic of China (the "PRC"). The registered office and the principal place of business of the Company is located at Room 208, No. 652, 656 Lingshi Road, Jin'an District, Shanghai. In the opinion of the Company's directors, the holding company of the Company is Shanghai Shengda Automobile Services Group Co., Ltd. (the "Parent"), a company established in the PRC. The ultimate controlling shareholder of the Company is Mr. Ye Zaichang (the "Controlling Shareholder").

The Company is an investment holding company which also engaged in the operation of insurance agency. During the Relevant Periods, the Company's subsidiaries were involved in the operation of automobile insurance agency ("Insurance Agency"), integrated automobile after-sale service ("Automobile Butler Services") and automobile finance lease. In December 2017, the Group ceased the business of automobile finance lease. Further details of which are set out to note 11 to the Historical Financial Information.

As at 30 September 2018, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name of Company	Date and place of registration and place of operations	Issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chengdu Shengda Insurance Agency Co., Ltd.(1) (成都盛大保險代理有限公司)*	21 December 2010 the PRC/Mainland China	RMB2,000,000	100%		Insurance Agency
Beijing Beisheng Lianhe Insurance Agency Co., Ltd.(2) (北京北盛聯合保險代理有限責任公司)*	25 January 2010 the PRC/Mainland China	RMB2,000,000	80%		Insurance Agency
Nanjing Xindaxin Insurance Agency Co., Ltd.(4) (南京新達新保險代理有限公司)*	22 September 2006 the PRC/Mainland China	RMB10,000,000	100%		Insurance Agency
Jiangsu Shengda Automobile Services Co., Ltd.(4) (江蘇省盛大汽車服務有限公司)*	11 March 2008 the PRC/Mainland China	RMB5,000,000	100%		Automobile Butler Services
Shanghai Shengshi Dalian Automobile Services Co., Ltd.(4) (上海盛世大聯汽車服務有限公司)*	8 June 2013 the PRC/Mainland China	RMB50,000,000	100%		Automobile Butler Services
Shanghai Chengle Network Technology Co., Ltd.(4) (上海丞樂網絡科技有限公司)*	18 November 2016 the PRC/Mainland China	RMB2,000,000		100%	Technology services
Shanghai Ainite Insurance Agency Co., Ltd.(3) (上海艾尼特保險代理有限公司)*	11 June 2004 the PRC/Mainland China	RMB2,320,000		100%	Insurance Agency
Tibet Shengshi Dalian Automobile Services Co., Ltd.(4) (西藏盛世大聯汽車服務有限公司)*	30 November 2016 the PRC/Mainland China	RMB20,000,000		100%	Dormant
Shanghai Xuanbei Automobile Services Co., Ltd. (上海炫貝汽車服務有限公司)*	26 April 2018 the PRC/Mainland China	RMB10,000,000		100%	Automobile Butler Services

* The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to translate the Chinese name as the subsidiary does not have an official English name.

(1) The statutory financial statements for the years ended 31 December 2015, 2016 and 2017 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Sichuan Yancheng Certified Public Accountants Co., Ltd., certified public accountants registered in the PRC.

(2) The statutory financial statements for the years ended 31 December 2015, 2016 and 2017 prepared under PRC GAAP were audited by Beijing Shou'er Qiankun Accountant Office Co., Ltd., certified public accountants registered in the PRC.

(3) The statutory financial statements for the year ended 31 December 2015 prepared under PRC GAAP were audited by BDO China Shu Lun Pan Certified Public Accountants LLP., certified public accountants registered in the PRC, and the statutory financial statements for the year ended 31 December 2016 prepared under PRC GAAP were audited by Shanghai Tripod Certified Public Accountants, certified public accountants registered in the PRC. The statutory financial statements for the year ended 31 December 2017 prepared under PRC GAAP were audited by Shanghai Pujiang Public Accountants, certified public accountants registered in the PRC.

(4) No audited financial statements have been prepared as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). Except for IFRS 9, all IFRSs effective for the accounting period commencing from 1 January 2018, including IFRS 15 *Revenue from contracts with customers* ("IFRS 15"), together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information for the Relevant Periods and in the period covered by the Interim Comparative Financial Information has been prepared under the historical cost convention.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Specifically, the Group controls an investee if, and only if, the Group has:

(a) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

(b) Exposure, or rights, to variable returns from its involvement with the investee;

(c) The ability to use its power over the investee to affect its returns.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date of such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognizes (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted IFRS 9 *Financial Instruments* from 1 January 2018. The Group does not restate comparative information. The impacts relate to the classification and measurement and the impairment requirements and are summarized as follows:

(a) Classification and measurement

Upon adoption of IFRS 9, the classification and measurement of financial assets depends on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset. The adoption of IFRS 9 does not have a significant impact on the classification and measurement of its financial instruments. The Group continues measuring at fair value all financial assets currently held at fair value and at amortized cost all financial assets currently held at amortized cost.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortized cost that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applies the simplified approach and record lifetime expected losses of trade receivables. The Group applies the general approach to other debt instruments recorded at amortized cost. The impacts relate to the provision for impairment are immaterial.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not adopted the following standards that have been issued but not yet effective, in the Historical Financial Information:

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 16	*Leases*[1]
IFRIC-23	*Uncertainty over Income Tax Treatments*[1]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Annual Improvements 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

Except as disclosed below, the managements anticipate that application of other new and amendments to IFRSs will have no material impact to the Group's financial performance and consolidated financial positions and/or on the disclosures in future consolidated financial statements.

IFRS 16, issued in May 2016, replaces IAS 17 *Leases*, IFRIC-4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. As disclosed in note 34 to the financial statements, at 30 September 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB17,263,000. Upon adoption of IFRS 16, certain amounts included therein may need to be recognized as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognized, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption. The Group plan to use the exemption allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. The Group is currently assessing the impact of IFRS 16 upon adoption. It is estimated that the initial adoption of IFRS 16 will affect asset and liability of the Group with an amount of RMB14,248,000 and RMB14,272,000, respectively, and the adoption of IFRS 16 is not expected to have significant impact on the retained profits as of 1 January 2019 or the financial performance of the Group in 2019.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same Group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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); and
- (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).

Property and equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Leasehold improvement	20.00% — 50.00%
Office equipment	19.00% — 31.67%
Vehicles	19.00% — 23.75%

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortized. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life of five years.

Insurance agency license

Purchased insurance agency license with indefinite lives is tested for impairment on an annual basis or when circumstances indicate that the carrying value of the intangible assets may not be recoverable.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

The capitalised research and development costs not yet available for use are tested for impairment annually either individually or at the cash-generating unit level.

Deferred development costs are stated at cost less any impairment losses and are amortized using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the product are put into commercial production.

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalized finance leases, including prepaid land lease payments under finance leases, are included in property and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Finance lease income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the net investment of the finance lease or a shorter period, when appropriate, to the net carrying amount of the net investment of the finance lease.

Financial instruments under IAS 39 (applicable before 1 January 2018)

Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. When financial assets are recognized initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

(b) Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest rate method less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in profit or loss. The loss arising from impairment is recognized in profit or loss in finance costs for loans and in administrative expenses for receivables.

(c) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(d) Impairment of financial assets

The Group assesses at the end of each the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in profit or loss.

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, and interest-bearing bank and other borrowings.

(b) Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or canceled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial instruments under IFRS 9 (applicable after 1 January 2018)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

(a) Initial recognition and measurement

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are classified at initial recognition, as subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms of the cash flows, measured at either:

- Amortized cost
- Fair value through other comprehensive income ("FVOCI")
- Fair value through profit and loss ("FVPL")

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVPL.

The Group classifies and measures its trade and other receivables, pledged deposits and cash and cash equivalents at amortized cost.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

(b) Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified as either financial liabilities at FVPL or other financial liabilities.

Other financial liabilities (including trade payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the reporting period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(b) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenues are recognized when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;

- creates and enhances an asset that the customer controls as the Group performs; or

- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- direct measurements of the value of individual services transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

If contracts involve the sale of multiple goods, goods followed by related services, or multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The accounting policy for the Group's principal revenue sources

(a) Insurance Agency

The Group provides agency services for well-known insurance companies in the PRC by distributing insurance products underwritten by them. The Group is compensated for its services primarily by commissions paid by insurance companies, primarily based on a percentage of the premium paid by the insurants.

Revenue from insurance agency services is recognized when insurance policies are issued to insurance applicants.

(b) Automobile Butler Services

The Group offers various Automobile Butler Services packages to its customers, primarily institutional organizations such as banks and insurance companies, who purchase the Group's services for their services as part of their rewards program or customer loyalty programs. The packages typically include car wash and beauty, maintenance services, designated driving and other relevant services. The revenue arising from Automobile Butler Services is recognized when the services are rendered.

There are typically two service models with the customers, which are (i) service fees paid by the customers based on pre-agreed rates for each individual service the Group provided to the customers' consumers within the agreed period, i.e. three to nine months after relevant services are rendered, and (ii) services fees for the entire package paid/prepaid by the customers to purchase the services agreed in advance within the agreed period.

The latter service model includes multiple performance obligations. As performance obligations are satisfied at different time points, the Group allocates the transaction price to each performance obligation by the relative stand-alone selling price. The service period according to the contract is typically one year.

Principal versus agent considerations

In accordance with the principal versus agent considerations prescribed by IFRS 15, the Group determines whether it acts as the principal or agent in each of its revenue streams. The principal is the entity that has promised to provide goods or services to its customers. An agent arranges for goods or services to be provide by the principal to its end customer. An agent normally receives a commission or fee for these activities.

As noted above, the Group earns commission from insurance companies by providing automobile insurance agency services. The Group generally does not promise to provide the underlying goods or services to the insurance applicants; instead, the Group performs its role as an agent to connect the insurance applicants with the insurance companies.

For Automobile Butler Services, the Group engages third-party butler service providers to provide automobile after-sale services to the customers. The Group obtains control of those services before they are transferred to the customer. Accordingly, the Group is acting as a principal for Automobile Butler Services and the related revenue is presented on a gross basis.

Contract balances

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Income recognition

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established.

Share-based payment

The Group operates a share-based compensation scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants in April 2015 is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an income approach, further details of which are given in note 27 to the Historical Financial Information.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Foreign currencies

The Historical Financial Information is presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the Relevant Periods.

Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measure in fair value is treated in line with the recognition of the gain or loss on change at fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

Allocating the transaction price

Some contracts include more than one performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis, as performance obligations are satisfied at different time points. The period of validity is typically one year. Management estimates the stand-alone selling price at contract inception based on observable prices of the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance.

Variable consideration

The Group estimates fees for variable or conditional service fee arrangements using a most likely amount approach on a contract by contract basis. Management makes a detail assessment of the amount of revenue expected to be received and the probability of success of each case. Variable consideration is included in revenue only to the extent that it is highly probable that the amount will not be subject to significant reversal when the uncertainty is resolved (generally when a matter is concluded).

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of trade and other receivables and finance lease receivables

The provision policy for impairment of receivables of the Group is based on ongoing assessment of the recoverability and the aged analysis of the outstanding receivables and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realization of those receivables, including the creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required. The details of impairment of receivables of the Group are set out in notes 16, 18 and 19.

Development costs

Development costs are capitalized in accordance with the accounting policy for research and development costs in note 2.4 to the financial statements. Determining the amounts to be capitalized requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. The best estimates of the carrying amounts of capitalized development costs as at 31 December 2015, 2016 and 2017 and 30 September 2018 were RMB15,834,000, RMB42,485,000, RMB14,947,000 and RMB22,011,000, respectively.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their services and has two reportable operating segments as follows:

(a) Insurance Agency;

(b) Automobile Butler Services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that other income and gains and finance costs from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, income tax payable, other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Year ended 31 December 2015			Year ended 31 December 2016			Year ended 31 December 2017			Nine months ended 30 September 2017 (unaudited)			Nine months ended 30 September 2018		
	Insurance Agency	**Automobile Butler Services**	**Total**	**Insurance Agency**	**Automobile Butler Services**	**Total**	**Insurance Agency**	**Automobile Butler Services**	**Total**	**Insurance Agency**	**Automobile Butler Services**	**Total**	**Insurance Agency**	**Automobile Butler Services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue															
Sales to external customers	153,723	85,076	238,799	306,192	145,519	451,711	607,824	208,985	816,809	350,375	132,580	482,955	775,970	263,318	1,039,288
Reconciliation:															
Revenue from continuing operations			238,799			451,711			816,809			482,955			1,039,288
Segment result	20,698	18,197	38,895	28,372	26,267	54,639	40,207	48,546	88,753	14,417	32,825	47,242	39,789	55,347	95,136
Reconciliation:															
Other income and gains			4,760			6,983			5,922			4,756			8,410
Administrative expense			(5,468)			(1,228)			(1,460)			(700)			(970)
Finance costs			(1,396)			(3,225)			(3,428)			(2,430)			(4,776)
Profit before tax from continuing operations			36,791			57,169			89,787			48,868			97,800
Segment assets	43,341	63,244	106,585	92,335	143,186	235,521	117,142	160,565	277,707				132,322	225,475	357,797
Reconciliation:															
Corporate and other unallocated assets			103,837			23,272			215,201						230,160
Assets related to a discontinued operation			60,269			414,118			—						—
Total assets			270,691			672,911			492,908						587,957
Segment liabilities	43,391	36,499	79,890	35,740	8,780	44,520	29,020	24,027	53,047				13,057	23,686	36,743
Reconciliation:															
Corporate and other unallocated liabilities			33,770			65,010			90,838						171,270
Liabilities related to a discontinued operation			173			292,083			—						—
Total liabilities			113,833			401,613			143,885						208,013
Other segment information:															
Depreciation and amortization	1,392	295	1,687	3,674	3,996	7,670	5,012	10,054	15,066	2,250	8,797	11,047	3,830	9,195	13,025
Capital expenditure	3,789	13,553	17,342	13,528	35,456	48,984	11,876	8,185	20,061	7,798	5,143	12,941	15,919	14,184	30,103

Geographical information

Since most of the Group's revenue and operating profit were generated from the insurance agent and car service in the PRC and most of the Group's identifiable assets and liabilities were located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments.*

Information about major customers

Revenue from continuing operations from the Group's major customers, including sales to a group of entities which are known to be under common control with that customer, that contribute more than 10% of the total revenues of the Group are listed as below:

	Year ended 31 December			Nine months ended 30 September	
Segment/Customer	**2015**	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Insurance Agency					
— Customer A	105,461	221,338	387,390	218,633	415,491
— Customer C					107,667
Automobile Butler Services					
— Customer B	46,402	91,578	98,503	72,663	167,705

For the years ended 31 December 2015, 2016 and 2017 and the nine months ended 30 September 2017 and 2018, the revenue generated from above major customers accounted for 63.6%, 69.3%, 59.5%, 60.3% and 66.5% of the total revenues, respectively.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of services provided during the nine months ended 30 September 2018 and 30 September 2017.

An analysis of revenue, other income and gains is as follows:

(a) Revenue:

Disaggregation of revenue

The management assesses the performance of the operating segments mainly based on segment adjusted profit before tax from continuing operations. The revenue is from continuing operation, which is consistent with the revenue information that is disclosed in note 4.

	Year ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Segment revenue					
Insurance Agency	153,723	306,192	607,824	350,375	775,970
Automobile Butler Services	85,076	145,519	208,985	132,580	263,318
	238,799	451,711	816,809	482,955	1,039,288

Timing of revenue recognition

The Group recognizes its revenue from provision of services at a point in time or over time in the following service lines.

At a point in time

	Year ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Insurance Agency	153,723	306,192	607,824	350,375	775,970
Automobile Butler Services	81,150	135,217	190,714	121,039	222,752
	234,873	441,409	798,538	471,414	998,722

Over time

	Year ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Automobile Butler Services	3,926	10,302	18,271	11,541	40,566

As at 31 December 2015, 2016, 2017 and 30 September 2018, the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) in relation to Automobile Butler Services were approximately RMB1,454,000, RMB5,285,000, RMB6,901,000 and RMB7,003,000, respectively. The directors of the Company expect that the unsatisfied performance obligation will be recognised as revenue within one year in accordance with the contract terms.

(b) Other income and gains:

	Year ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Bank interest income	1,169	684	255	150	1,734
Government grants*	955	3,774	3,765	3,152	4,315
Investment income from entrusted loans	2,636	2,428	1,528	1,149	670
Service income	—	—	360	284	1,686
Others	—	97	14	21	5
	4,760	6,983	5,922	4,756	8,410

* Government grants include various subsidies to support the Group's operation from relevant government bodies. There are no unfulfilled conditions or contingencies related to these grants.

6. PROFIT BEFORE TAX

An analysis of profit before tax from continuing operations is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
(a) Cost of sales:					
Cost of sales	162,524	337,163	670,699	393,527	877,040
(b) Employee benefit expenses (including directors' and chief executive's remuneration (note 8)):					
Wages and salaries	4,115	11,282	15,461	10,578	21,801
Share-based compensation expense	4,748	—	—	—	—
Pension scheme contribution, social welfare and other welfare	2,187	4,815	4,614	3,309	5,375
	11,050	16,097	20,075	13,887	27,176

(c) Other items:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Depreciation	1,143	2,495	2,106	1,561	1,690
Amortization of intangible assets	544	4,855	12,244	8,936	11,335
Lease payments under operating leases	2,121	3,750	5,139	3,366	4,158
Service fee	5,093	6,408	5,137	3,894	5,223
Auditors' remuneration	200	459	283	212	792
Other professional service fee	558	830	1,320	700	267
Impairment/(reversal of impairment) of trade receivables	740	2,238	(33)	1,637	3,196
(Reversal of impairment)/impairment of other receivables	(1,008)	246	(57)	59	(125)
Consulting fee	6,250	11,039	266	254	208
Promotion and advertising expenses	1,792	1,519	411	299	535

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Office related expenses	3,979	4,377	3,543	2,439	3,689
Transportation expenses	1,917	4,887	5,551	3,691	7,283
Investment income from entrusted loans	(2,636)	(2,428)	(1,528)	(1,149)	(670)
Bank interest income	(1,169)	(684)	(255)	(150)	(1,734)
Net gain on disposal of items of property and equipment	—	(3)	(6)	(13)	(4)

The depreciation of property and equipment and amortization of intangible assets are included in "administrative expenses" and "selling and distribution expenses" in the consolidated statements of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Interest expense on interest-bearing bank borrowings	1,396	3,216	3,384	2,396	4,754
Interest expense on finance leases	—	9	44	34	22
	1,396	3,225	3,428	2,430	4,776

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods and the nine months ended 30 September 2017 were as follows:

(a) Independent non-executive directors

	Year ended 31 December 2017			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. He Shaojun	—	—	—	—
Mr. Jin Dong	—	—	—	—
Mr. Xue Wencheng	—	—	—	—
	—	—	—	—

	Nine months ended 30 September 2018			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. He Shaojun	90	—	—	90
Mr. Jin Dong	80	—	—	80
Mr. Fan Youyuan	20	—	—	20
Mr. Xue Wencheng	90	—	—	90
	280	—	—	280

There was no independent non-executive director in 2015 and 2016. Mr. He Shaojun, Mr. Jin Dong and Mr. Xue Wencheng was appointed as independent non-executive director in December 2017. Mr. Fan Youyuan was appointed as independent non-executive director in July 2018. There were no other emoluments payable to the independent non-executive directors during the Relevant Periods and the nine months ended 30 September 2017.

(b) Executive directors, a non-executive director and supervisors

	Year ended 31 December 2015				
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Share-based compensation expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors					
Mr. Lei Zhunfu	—	53	25	2,285	2,363
Mr. Bu Jiangyong	—	—	—	594	594
Mr. Du Bohong	—	—	—	356	356
Ms. Gu Saiye	—	—	—	356	356
Mr. Fan Kejun	—	30	25	356	411
	—	83	50	3,947	4,080
Supervisors					
Mr. Yang Shuaiqi	—	43	25	59	127
Ms. Wang Li	—	30	16	—	46
Mr. Qian Yizhi	—	30	4	—	34
	—	103	45	59	207
	—	186	95	4,006	4,287

Mr. Yang Shuaiqi and Mr. Qian Yizhi were appointed as supervisors in April 2015 and September 2015, respectively.

	Year ended 31 December 2016			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Lei Zhunfu	—	150	24	174
Mr. Du Bohong	—	5	—	5
Ms. Gu Saiye	—	5	—	5
Mr. Hui Dong	—	78	24	102
	—	238	48	286
Non-executive director				
Ms. Yao Yuyi	—	50	35	85
Supervisors				
Mr. Yang Shuaiqi	—	77	24	101
Mr. Qian Yizhi	—	64	24	88
Mr. Yin Xiaoming	—	232	50	282
	—	373	98	471
	—	661	181	842

Mr. Bu Jiangyong resigned as an executive director on February 2016. Mr. Fan Kejun resigned as an executive director on June 2016. Following their resignations, Mr. Bu Jiangyong and Mr. Fan Kejun ceased to be the members of the board of directors.

Ms. Yao Yuyi and Mr. Hui Dong were appointed as executive directors in March and July 2016, respectively.

Ms. Wang Li resigned as a supervisor in February 2016. Mr. Yin Xiaoming was appointed as a supervisor in February 2016.

	Year ended 31 December 2017			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Lei Zhunfu	—	355	39	394
Mr. Ye Zaichang	—	—	—	—
Mr. Du Bohong	—	—	—	—
Ms. Gu Saiye	—	251	33	284
Mr. Hui Dong	—	234	34	268
	—	840	106	946

	Year ended 31 December 2017			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive director				
Ms. Yao Yuyi	—	202	37	239
Supervisors				
Mr. Yang Shuaiqi	—	401	40	441
Mr. Qian Yizhi	—	224	32	256
Mr. Yin Xiaoming	—	234	50	284
	—	859	122	981
	—	1,901	265	2,166

Mr. Ye Zaichang was appointed as executive director in December 2017.

	Nine months ended 30 September 2018			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Lei Zhunfu	—	225	52	277
Mr. Ye Zaichang	—	—	—	—
Mr. Du Bohong	—	—	—	—
Ms. Gu Saiye	—	207	55	262
Mr. Hui Dong	—	198	48	246
Mr. Luo Songlin	—	60	14	74
	—	690	169	859
Non-executive director				
Ms. Yao Yuyi	—	170	28	198
Supervisors				
Mr. Yang Shuaiqi	—	321	52	373
Mr. Qian Yizhi	—	180	47	227
Mr. Yin Xiaoming	—	180	41	221
	—	681	140	821
	—	1,541	337	1,878

Mr. Luo Songlin was appointed as executive director in July 2018.

	Nine months ended 30 September 2017 (Unaudited)			
	Fees	Salaries, allowances and benefits in kind	Contributions to defined contribution retirement schemes	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors				
Mr. Lei Zhunfu	—	124	27	151
Mr. Du Bohong	—	—	—	—
Ms. Gu Saiye	—	131	37	168
Mr. Hui Dong	—	115	24	139
	—	370	88	458
Non-executive director				
Ms. Yao Yuyi	—	108	31	121
Supervisors				
Mr. Yang Shuaiqi	—	238	28	266
Mr. Qian Yizhi	—	100	23	123
Mr. Yin Xiaoming	—	167	38	205
	—	505	89	594
	—	983	208	1,173

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods and the nine months ended 30 September 2017.

9. FIVE HIGHEST PAID EMPLOYEES

Details of directors' and supervisors' remuneration are set out in note 8. Details of the remuneration of the remaining highest paid employees who are neither director nor supervisor of the Company for the Relevant Periods and nine months ended 30 September 2017 are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries, allowances and benefit in kind	—	461	—	634	867
Pension scheme contribution	—	42	—	111	121
	—	503	—	745	988

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following band are as follows:

	Number of employees				
	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
				(Unaudited)	
Nil to RMB1,000,000	—	3	—	2	3

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the PRC. Under the Enterprise Income Tax Law of the PRC, the Company's subsidiaries that are established in the PRC were subject to the enterprise income tax rate of 25% during the Relevant Periods and the nine months ended 30 September 2017, except for the subsidiary of the Company, Shanghai Shengshi Dalian Automobile Services Co., Ltd. and the Company, which were accredited as new high-tech enterprises ("NHTE") in 2015 and 2016, respectively, effective for three years from 2015 to 2017 and from 2016 to 2018 by the relevant authorities. In October 2018, Shanghai Shengshi Dalian Automobile Services Co., Ltd. was reaccredited as NHTE, effective for three years from 2018 to 2020. Therefore, the preferential income tax rate of 15% was applied to Shanghai Shengshi Dalian Automobile Services Co., Ltd. and the Company during the periods from 2015 to 2020 and 2016 to 2018, respectively. The NHTE status is reassessed every three years.

The major components of income tax expense are as follows:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Current tax	7,904	11,386	16,765	9,069	16,601
Deferred tax (note 23)	(115)	(1,410)	(1,740)	(1,023)	(874)
Total tax charge for the year/period from continuing operations	7,789	9,976	15,025	8,046	15,727
Current tax	10	1,390	3,349	797	—
Deferred tax (note 23)	—	(1,125)	(2,716)	(2,085)	—
Total tax charge for the year/period from a discontinued operation	10	265	633	(1,288)	—
	7,799	10,241	15,658	6,758	15,727

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December			Nine months ended 30 September	
	2015	**2016**	**2017**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Profit before tax from continuing operations	36,791	57,169	89,787	48,868	97,800
Profit/(loss) before tax from a discontinued operation	106	712	3,596	(5,295)	—
	36,897	57,881	93,383	43,573	97,800
Tax at the statutory tax rate (25%)	9,224	14,470	23,346	10,893	24,450
Lower tax rate enacted by local authority	(2,133)	(4,918)	(7,257)	(3,713)	(8,649)
Effect on opening deferred tax of change in rates	(101)	(17)	(690)	(690)	447
Expenses not deductible for tax	1,386	266	306	162	157
Research and development plus deduction	(72)	—	(391)	(238)	(437)
Adjustments in respect of current tax of previous periods	(392)	440	344	344	(241)
Tax losses utilized from previous periods	(113)	—	—	—	—
Tax charge at the Group's effective rate	7,799	10,241	15,658	6,758	15,727
Tax charge from continuing operations at the effective rate	7,789	9,976	15,025	8,046	15,727
Tax charge from a discontinued operation at the effective rate	10	265	633	(1,288)	—

11. DISCONTINUED OPERATION

On 28 June 2017, the Company announced the decision of its board of directors to dispose of Shengshi Dalian Financial Leasing (Shanghai) Co., Ltd. ("Shengshi Dalian Financial Leasing") to the Parent. The transaction cost was according to the fair value stated in the appraisal report. Shengshi Dalian Financial Leasing engages in an automobile finance lease. The Group has decided to cease its finance lease business because it plans to focus its resources on its Insurance Agency and Automobile Butler Services. The disposal of Shengshi Dalian Financial Leasing was completed in December 2017. During the Relevant Periods, Shengshi Dalian Financial Leasing was classified as a discontinued operation and the finance lease business is not included in the note for operating segment information.

The results of Shengshi Dalian Financial Leasing for the years ended 31 December 2015 and 2016 and the period from January 2017 to the date of disposal ("Period 2017") are presented below:

	2015	**2016**	**Period 2017**
	RMB'000	*RMB'000*	*RMB'000*
REVENUE	133	41,068	77,834
Cost of sales	(2)	(23,444)	(50,744)
Gross profit	131	17,624	27,090
Other income and gains	1	1	10
Selling and distribution expenses	—	(6,429)	(9,285)
Administrative expenses	(26)	(10,484)	(17,513)
Disposal gain on the discontinued operation	—	—	3,294
Profit for the year/period from the discontinued operation	106	712	3,596
Income tax expense			
Related to pre-tax profit from the ordinary activities for the year/period	(10)	(265)	(139)
Related to disposal gain	—	—	(494)
Profit for the year/period from the discontinued operation	96	447	2,963

The major classes of assets and liabilities of Shengshi Dalian Financial Leasing classified as disposed of as at the date of disposal are as follow:

	RMB'000
Assets	
Property and equipment	960
Intangible assets	2,594
Prepayments, deposits and other receivables	30,503
Finance lease receivables	549,574
Deferred tax assets	3,841
Pledged deposits	6,772
Cash and cash equivalents	13,555
Assets disposed of	607,799

	RMB'000
Liabilities	
Trade payables	164
Other payables and accruals	20,512
Income tax payable	2,497
Other borrowings	498,920
Liabilities disposed of	522,093
Net assets disposed of	85,706
Gain on disposal of a discontinued operation	3,294
Satisfied by cash	89,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of Shengshi Dalian Financial Leasing is as follows:

	2017
	RMB'000
Cash consideration	89,000
Cash and cash equivalents disposed of	(13,555)
Net inflow of cash and cash equivalents in respect of the disposal of a discontinued operation	75,445

The net cash flows incurred by Shengshi Dalian Financial Leasing for the years ended 31 December 2015 and 2016 and the Period 2017 were as follows:

	2015	**2016**	**Period 2017**
	RMB'000	*RMB'000*	*RMB'000*
Operating activities	(59,508)	(326,290)	(179,900)
Investing activities	(114)	(2,271)	(2,282)
Financing activities	60,000	330,190	193,730
Net cash inflow	378	1,629	11,548
Earnings per share:			
Basic and diluted — from the discontinued operation	RMB0.001	RMB0.004	RMB0.023

The calculation of basic earnings per share from the discontinued operation is based on:

	2015	2016	Period 2017
	RMB'000	*RMB'000*	*RMB'000*
Profit attributable to ordinary equity holders of the Parent from the discontinued operation	96	447	2,963
Weighted average number of ordinary shares in issue during the year/period used in the basic earnings per share calculation *(note 13)*	116,000	124,540	127,880

The Group had no potentially dilutive ordinary shares.

12. DIVIDENDS

Approved by the Company's shareholders at the annual general meeting on 14 May 2018, the dividend of RMB4.00 per 10 ordinary shares was declared by the Company. The dividend was paid on 6 July 2018. No other dividend was declared or paid by the Company during the Relevant Periods and the nine months ended 30 September 2017.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Parent, and the weighted average number of ordinary shares in issue during the Relevant Periods and nine months ended 30 September 2017.

The Company had no potential dilutive ordinary shares in during the Relevant Periods and nine months ended 30 September 2017.

The calculation of basic earnings per share is based on:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Earnings					
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:					
From continuing operations	28,800	47,051	74,148	40,385	81,748
From a discontinued operation	96	447	2,963	(4,007)	—
	28,896	47,498	77,111	36,378	81,748

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	'000	*'000*	*'000*	*'000 (Unaudited)*	*'000*
Shares					
Weighted average number of ordinary shares	116,000	124,540	127,880	127,880	127,880

14. PROPERTY AND EQUIPMENT

Group

	Buildings	Vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2015					
At 1 January 2015:					
Cost	—	454	1,788	2,293	4,535
Accumulated depreciation	—	(412)	(1,217)	(703)	(2,332)
Net carrying amount	—	42	571	1,590	2,203
At 1 January 2015, net of accumulated depreciation	—	42	571	1,590	2,203
Additions	—	198	471	1,369	2,038
Depreciation provided during the year	—	(38)	(324)	(781)	(1,143)
At 31 December 2015, net of accumulated depreciation	—	202	718	2,178	3,098
At 31 December 2015:					
Cost	—	652	2,259	3,662	6,573
Accumulated depreciation	—	(450)	(1,541)	(1,484)	(3,475)
Net carrying amount	—	202	718	2,178	3,098
31 December 2016					
At 1 January 2016:					
Cost	—	652	2,259	3,662	6,573
Accumulated depreciation	—	(450)	(1,541)	(1,484)	(3,475)
Net carrying amount	—	202	718	2,178	3,098
At 1 January 2016, net of accumulated depreciation	—	202	718	2,178	3,098
Additions	—	452	1,750	3,301	5,503
Depreciation provided during the year	—	(64)	(612)	(1,971)	(2,647)
Disposals	—	(4)	(7)	—	(11)
At 31 December 2016, net of accumulated depreciation	—	586	1,849	3,508	5,943
At 31 December 2016:					
Cost	—	1,030	3,859	6,963	11,852
Accumulated depreciation	—	(444)	(2,010)	(3,455)	(5,909)
Net carrying amount	—	586	1,849	3,508	5,943

	Buildings	Vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017					
At 1 January 2017:					
Cost	—	1,030	3,859	6,963	11,852
Accumulated depreciation	—	(444)	(2,010)	(3,455)	(5,909)
Net carrying amount	—	586	1,849	3,508	5,943
At 1 January 2017, net of accumulated depreciation	—	586	1,849	3,508	5,943
Additions	—	—	1,222	1,250	2,472
Depreciation provided during the year	—	(154)	(825)	(1,385)	(2,364)
Disposals	—	(10)	(41)	—	(51)
Disposal of a discontinued operation *(note 11)*	—	—	(557)	(403)	(960)
At 31 December 2017, net of accumulated depreciation	—	422	1,648	2,970	5,040
At 31 December 2017:					
Cost	—	834	3,480	7,810	12,124
Accumulated depreciation	—	(412)	(1,832)	(4,840)	(7,084)
Net carrying amount	—	422	1,648	2,970	5,040
30 September 2018					
At 1 January 2018:					
Cost	—	834	3,480	7,810	12,124
Accumulated depreciation	—	(412)	(1,832)	(4,840)	(7,084)
Net carrying amount	—	422	1,648	2,970	5,040
At 1 January 2018, net of accumulated depreciation	—	422	1,648	2,970	5,040
Additions	5,045	858	1,421	836	8,160
Depreciation provided during the period	(120)	(173)	(649)	(748)	(1,690)
Disposal	—	(44)	(5)	—	(49)
At 30 September 2018, net of accumulated depreciation	4,925	1,063	2,415	3,058	11,461
At 30 September 2018:					
Cost	5,045	1,648	4,896	8,646	20,235
Accumulated depreciation	(120)	(585)	(2,481)	(5,588)	(8,774)
Net carrying amount	4,925	1,063	2,415	3,058	11,461

The net carrying amounts of the Group's fixed assets held under finance leases included in the total amounts of vehicles were RMB454,000 as at 31 December 2016, RMB347,000 as at 31 December 2017 and RMB266,000 as at 30 September 2018, respectively.

Company

	Vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2015				
At 1 January 2015:				
Cost	—	518	1,320	1,838
Accumulated depreciation	—	(356)	(414)	(770)
Net carrying amount	—	162	906	1,068
At 1 January 2015, net of accumulated depreciation	—	162	906	1,068
Additions	197	7	559	763
Depreciation provided during the year	(27)	(86)	(553)	(666)
At 31 December 2015, net of accumulated depreciation	170	83	912	1,165
At 31 December 2015:				
Cost	197	525	1,879	2,601
Accumulated depreciation	(27)	(442)	(967)	(1,436)
Net carrying amount	170	83	912	1,165
31 December 2016				
At 1 January 2016:				
Cost	197	525	1,879	2,601
Accumulated depreciation	(27)	(442)	(967)	(1,436)
Net carrying amount	170	83	912	1,165
At 1 January 2016, net of accumulated depreciation	170	83	912	1,165
Additions	—	604	1,685	2,289
Depreciation provided during the year	(47)	(148)	(1,165)	(1,360)
At 31 December 2016, net of accumulated depreciation	123	539	1,432	2,094
At 31 December 2016:				
Cost	197	1,129	3,564	4,890
Accumulated depreciation	(74)	(590)	(2,132)	(2,796)
Net carrying amount	123	539	1,432	2,094

	Vehicles	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017				
At 1 January 2017:				
Cost	197	1,129	3,564	4,890
Accumulated depreciation	(74)	(590)	(2,132)	(2,796)
Net carrying amount	123	539	1,432	2,094
At 1 January 2017, net of accumulated depreciation	123	539	1,432	2,094
Additions	—	303	—	303
Depreciation provided during the year	(47)	(226)	(337)	(610)
At 31 December 2017, net of accumulated depreciation	76	616	1,095	1,787
At 31 December 2017:				
Cost	197	1,432	3,564	5,193
Accumulated depreciation	(121)	(816)	(2,469)	(3,406)
Net carrying amount	76	616	1,095	1,787
30 September 2018				
At 1 January 2018:				
Cost	197	1,432	3,564	5,193
Accumulated depreciation	(121)	(816)	(2,469)	(3,406)
Net carrying amount	76	616	1,095	1,787
At 1 January 2018, net of accumulated depreciation	76	616	1,095	1,787
Additions	136	914	836	1,886
Depreciation provided during the period	(32)	(281)	(308)	(621)
Disposals	(44)	—	—	(44)
At 30 September 2018, net of accumulated depreciation	136	1,249	1,623	3,008
At 30 September 2018:				
Cost	289	2,346	4,400	7,035
Accumulated depreciation	(153)	(1,097)	(2,777)	(4,027)
Net carrying amount	136	1,248	1,623	3,008

15. INTANGIBLE ASSETS

Group

	Software	Research and development costs	Insurance agency license	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2015				
At 1 January 2015:				
Cost	1,097	—	—	1,097
Accumulated amortization	(739)	—	—	(739)
Net carrying amount	358	—	—	358
Cost at 1 January 2015, net of accumulated amortization	358	—	—	358
Additions during the year	—	15,834	—	15,834
Amortization provided during the year	(544)	—	—	(544)
Transfer	15,834	(15,834)	—	—
At 31 December 2015	15,648	—	—	15,648
At 31 December 2015:				
Cost	16,931	—	—	16,931
Accumulated amortization	(1,283)	—	—	(1,283)
Net carrying amount	15,648	—	—	15,648
31 December 2016				
Cost at 1 January 2016, net of accumulated amortization	15,648	—	—	15,648
Additions during the year	2,229	42,485	—	44,714
Acquisition of a subsidiary	—	—	1,200	1,200
Amortization provided during the year	(5,023)	—	—	(5,023)
Transfer	42,485	(42,485)	—	—
At 31 December 2016	55,339	—	1,200	56,539
At 31 December 2016:				
Cost	61,645	—	1,200	62,845
Accumulated amortization	(6,306)	—	—	(6,306)
Net carrying amount	55,339	—	1,200	56,539

	Software	Research and development costs	Insurance agency license	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2017				
Cost at 1 January 2017, net of accumulated amortization	55,339	—	1,200	56,539
Additions during the year	2,344	14,947	—	17,291
Amortization provided during the year	(12,702)	—	—	(12,702)
Transfer	14,947	(14,947)	—	—
Disposal of a discontinued operation *(note 11)*	(2,594)	—	—	(2,594)
At 31 December 2017	57,334	—	1,200	58,534
At 31 December 2017:				
Cost	75,661	—	1,200	76,861
Accumulated amortization	(18,327)	—	—	(18,327)
Net carrying amount	57,334	—	1,200	58,534
30 September 2018				
Cost at 1 January 2018, net of accumulated amortization	57,334	—	1,200	58,534
Additions during the period	937	22,011	—	22,948
Amortization provided during the period	(11,335)	—	—	(11,335)
At 30 September 2018	46,936	22,011	1,200	70,147
At 30 September 2018:				
Cost	76,598	22,011	1,200	99,809
Accumulated amortization	(29,662)	—	—	(29,662)
Net carrying amount	46,936	22,011	1,200	70,147

The directors are of the view that there is no indicator of impairment which would warrant an impairment testing to be performed as at 30 September 2018, and there are no any impairment of intangible assets at the end of the Relevant Periods.

Company

	Software	Research and development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2015			
At 1 January 2015:			
Cost	1,030	—	1,030
Accumulated amortization	(689)	—	(689)
Net carrying amount	341	—	341
Cost at 1 January 2015, net of accumulated amortization	341	—	341
Additions during the year	—	2,878	2,878
Amortization provided during the year	(279)	—	(279)
Transfer	2,878	(2,878)	—
At 31 December 2015	2,940	—	2,940
At 31 December 2015:			
Cost	3,908	—	3,908
Accumulated amortization	(968)	—	(968)
Net carrying amount	2,940	—	2,940
31 December 2016			
Cost at 1 January 2016, net of accumulated amortization	2,940	—	2,940
Additions during the year	1,212	7,761	8,973
Amortization provided during the year	(1,008)	—	(1,008)
Transfer	7,761	(7,761)	—
At 31 December 2016	10,905	—	10,905
At 31 December 2016:			
Cost	12,881	—	12,881
Accumulated amortization	(1,976)	—	(1,976)
Net carrying amount	10,905	—	10,905

	Software	Research and development costs	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2017			
Cost at 1 January 2017, net of accumulated amortization	10,905	—	10,905
Additions during the year	141	7,480	7,621
Amortization provided during the year	(2,537)	—	(2,537)
Transfer	7,480	(7,480)	—
At 31 December 2017	15,989	—	15,989
At 31 December 2017:			
Cost	20,502	—	20,502
Accumulated amortization	(4,513)	—	(4,513)
Net carrying amount	15,989	—	15,989
30 September 2018			
Cost at 1 January 2018, net of accumulated amortization	15,989	—	15,989
Additions during the period	937	12,779	13,716
Amortization provided during the period	(3,061)	—	(3,061)
At 30 September 2018	13,865	12,779	26,644
At 30 September 2018:			
Cost	21,439	12,779	34,218
Accumulated amortization	(7,574)	—	(7,574)
Net carrying amount	13,865	12,779	26,644

The directors of the Company are of the view that there is no indicator of impairment which would warrant an impairment testing to be performed as at 30 September 2018, and there is no impairment of intangible assets at the end of the Relevant Periods.

16. TRADE RECEIVABLES

Group

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables:				
Insurance Agency	13,328	40,143	81,642	52,296
Automobile Butler Services	31,152	61,529	90,733	171,393
Impairment	(1,496)	(3,734)	(3,701)	(6,897)
	42,984	97,938	168,674	216,792

The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The aging analysis of trade receivables based on transaction date, as at the end of the each of the Relevant Periods, was as follows:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	41,807	89,055	157,954	139,508
91 to 365 days	1,039	10,141	11,450	78,306
1 to 2 years	443	1,156	797	5,408
2 to 3 years	917	283	1,155	19
Over 3 years	274	1,037	1,019	448
	44,480	101,672	172,375	223,689

The movements in provision for impairment of trade receivables are as below:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	756	1,496	3,734	3,701
Impairment losses recognized/(reversed)	740	2,238	(33)	3,196
At end of year/period	1,496	3,734	3,701	6,897

As at 30 September 2018, provision for individually impaired trade receivables of RMB951,000, with a carrying amount before provision of RMB951,000 was included in the above provision for impairment of trade receivables.

The individually impaired trade receivables relate to customers that were in default in principal payments and none of the receivable is expected to be recovered.

The expected credit loss model as at 30 September 2018 was as follows:

Insurance Agency:

Collective assessment	**<3 months**	**3-12 months**	**12-24 months**	**24-36 months**	**>36 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Expected credit loss rate	0.11%	1.1%	22%	77%	100%	
Gross carrying amount	38,890	13,406	—	—	—	52,296
Expected credit loss	43	147	—	—	—	190
Total expected credit loss of Insurance Agency segment						190

Automobile Butler Services:

Collective assessment	**<6 months**	**6-12 months**	**12-24 months**	**24-36 months**	**>36 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Expected credit loss rate	0.22%	6.6%	33%	77%	100%	
Gross carrying amount	111,319	54,199	4,457	19	448	170,442
Expected credit loss	245	3,577	1,471	15	448	5,756
Individual assessment						
Expected credit loss rate						100%
Estimated total gross carrying amount of default						951
Expected credit loss						951
Total expected credit loss of Automobile Butler Services segment						6,707
Total expected credit loss						6,707

Company

	As at 31 December			**As at 30 September**
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	2,192	17,313	68,114	44,866
Impairment	(108)	(502)	(831)	(179)
	2,084	16,811	67,283	44,687

The ageing analysis of trade receivables based on transaction date, as at the end of the each of the Relevant Periods, was as follows:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	2,187	17,293	68,078	31,751
91 to 365 days	—	—	5	13,115
1 to 2 years	5	15	11	—
2 to 3 years	—	5	15	—
Over 3 years	—	—	5	—
	2,192	17,313	68,114	44,866

The movements in provision for impairment of trade receivables are as below:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	61	108	502	831
Impairment losses recognised/(reversed)	47	394	329	(652)
At end of year/period	108	502	831	179

The expected credit loss model as at 30 September 2018 was as follows:

Collective assessment	**<3 months**	**3-12 months**	**12-24 months**	**24-36 months**	**>36 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Expected credit loss rate	0.11%	1.1%	22%	77%	100%	
Gross carrying amount	31,751	13,115	—	—	—	52,296
Expected credit loss	35	144	—	—	—	179

17. PREPAYMENTS

Group and Company

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property and equipment	1,200	—	298	—
Prepayments for intangible assets	—	430	430	—
	1,200	430	728	—

Prepayments are unsecured and non-interest-bearing.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Entrusted loans *(i)*	20,000	20,000	20,000	—
Prepayments to suppliers	10	4,821	13	1,378
Prepaid expenses	1,542	1,638	1,115	2,319
Deposits	1,288	5,007	2,144	2,320
Advance to employees	24	410	313	1,141
VAT recoverable *(ii)*	636	70	1,794	3,057
Other receivables	362	2,161	644	233
Other current assets *(iii)*	22	826	—	5,376
Insurance premium receivables *(iv)*	20,163	51,209	24,281	45,013
Listing expense *(v)*	—	—	—	22,457
Impairment *(vi)*	(93)	(528)	(279)	(154)
	43,954	85,614	50,025	83,140

(i) The entrusted loans were lent to third parties through a commercial bank with maturity of one year and interest rates arranging from 8% to 11%. The Group applies the general approach and records twelve-month expected credit losses that are estimated based on the possible default events on the entrusted loans within the next twelve months. There has been no significant increase in credit risk of the entrusted loans since their initial recognition.

(ii) The Group's rendering of services are subject to the PRC Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is the net difference between output and deductible input VAT.

(iii) Other current assets mainly represent gift cards and coupons purchased but not yet delivered to customers in Automobile Butler Service.

(iv) Insurance premium receivables are the amounts paid to the insurance companies on behalf of the insurants.

(v) Listing expenses represent professional fees, underwriting commissions and other fees and expenses incurred in connection with the Listing.

Except for entrusted loans, the above balances are unsecured, non-interest-bearing and have no fixed terms of repayment.

(vi) The movements in provision for impairment of deposits, advance to employees and other receivables are as below:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	1,098	93	528	279
Impairment losses (reversed)/recognized	(1,005)	435	61	(125)
Disposal of a discontinued operation	—	—	(310)	—
At end of year/period	93	528	279	154

Company

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepaid expenses	62	78	717	2,081
Deposits	656	932	949	999
Other receivables from third parties	321	166	—	—
Other receivables from related parties within the Group	46,246	95,030	106,047	94,474
Insurance premium receivables	8,450	28,071	13,488	32,618
Advance to employees	—	404	113	276
VAT recoverable	—	70	1,793	3,057
Listing expense	—	—	—	21,491
Impairment	(58)	(182)	(67)	(74)
	55,677	124,569	123,040	154,922

The above balances are unsecured, non-interest-bearing and have no fixed terms of repayment.

19. FINANCE LEASE RECEIVABLES

Group

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance lease receivables *(i)*	71,926	493,401	—	—
Unrealized financing income *(i)*	(12,333)	(91,273)	—	—
Impairment *(ii)*	—	(4,310)	—	—
Total net finance lease receivables	59,593	397,818	—	—
Portion classified as current assets	(19,484)	(155,834)	—	—
Non-current portion	40,109	241,984	—	—

(i) An aging analysis of the finance lease receivables, determined based on the age of the receivables since the effective date of the relevant lease contract, as at the end of each of the Relevant Periods, is as follows:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance lease receivables:				
Within 1 year	71,926	445,451	—	—
1 to 2 years	—	47,950	—	—
	71,926	493,401	—	—
Net finance lease receivables before impairment:				
Within 1 year	59,593	359,769	—	—
1 to 2 years	—	42,359	—	—
	59,593	402,128	—	—

Details of finance lease receivables analysis is as follows:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance lease receivables:				
Due from third parties	—	439,863	—	—
Due from related parties	71,926	53,538	—	—
	71,926	493,401	—	—
Net finance lease receivables before impairment:				
Due from third parties	—	354,942	—	—
Due from related parties	59,593	47,186	—	—
	59,593	402,128	—	—

Finance lease receivables due from related parties are made in accordance with the terms of agreements between the Group and Shanghai Shengda Jiarui Auto Sales Co., Ltd. ("Shengda Jiarui") or Wuhan Hulian Shengtong Auto Rental Co., Ltd. ("Hulian Shengtong"), respectively. Shengda Jiarui and Hulian Shengtong are the companies controlled by the Controlling Shareholder.

Finance lease contracts with related parties have terms for three years with the effective interest rate of finance lease receivables of 12.83%. Shengshi Dalian Financial Leasing and Shengda Jiarui signed the finance lease contract in December 2015. Shengda Jiarui provided guarantee of RMB1,783,000 and mortgaged the automobile to Shengshi Dalian Financial Leasing. Shengshi Dalian Financial Leasing and Hulian Shengtong signed the finance lease contract in January 2016. Hulian Shengtong provided guarantee of RMB288,000 and mortgaged the automobile to Shengshi Dalian Financial Leasing.

The table below illustrates the gross and net amounts of the finance lease receivables the Group expects to receive in the following three consecutive accounting years:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance lease receivables:				
Due within 1 year	23,976	198,421	—	—
Due in 1 to 2 years	23,975	189,841	—	—
Due in 2 to 3 years	23,975	104,904	—	—
Due over 3 years	—	235	—	—
	71,926	493,401	—	—

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net finance lease receivables before impairment:				
Due within 1 year	22,388	181,278	—	—
Due in 1 to 2 years	19,705	149,398	—	—
Due in 2 to 3 years	17,500	71,323	—	—
Due over 3 years	—	129	—	—
	59,593	402,128	—	—

(ii) The movements in impairment of finance lease receivables is as follows:

Collectively assessed

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	—	—	4,310	—
Impairment losses recognized	—	4,310	10,745	—
Disposal of a discontinued operation	—	—	(15,055)	—
At end of year/period	—	4,310	—	—

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

Group

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	103,635	25,515	206,178	201,814
Less: pledged short-term deposits*	(1,217)	(3,944)	(2,723)	(2,724)
Cash and cash equivalents	102,418	21,571	203,455	199,090

As at 31 December 2015, 2016 and 2017 and 30 September 2018, the balances of the pledged refundable deposits were RMB1,217,000, RMB1,724,000, RMB2,723,000 and RMB2,724,000, respectively. As at 31 December 2016, the balance of the pledged bank loan deposits was RMB2,220,000.

Company

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	91,210	13,293	168,676	163,247
Less: pledged short-term deposits*	(1,011)	(1,014)	(1,017)	(1,020)
Cash and cash equivalents	90,199	12,279	167,659	162,227

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents and pledged deposits approximate to their fair values.

* Pledged short-term deposits are bank loan deposits and refundable deposits in compliance with the regulations of China Banking and Insurance Regulatory Commission.

21. TRADE PAYABLES

Group

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	4,255	7,504	31,891	10,485

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the transaction date, was as follows:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	4,255	7,497	31,884	10,463
Over 90 days	—	7	7	22
	4,255	7,504	31,891	10,485

Company

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	559	453	13,698	174

Trade payables are unsecured, non-interest-bearing and repayable on demand.

22. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payables	—	704	2,092	5,066
Other tax payables	2,050	5,457	9,926	3,637
Payable in relation to acquisition of a subsidiary *(i)*	—	720	72	42
Deposits from third parties	1,361	2,483	743	418
Deposits from related parties *(ii)*	—	2,071	—	—
Advance from shareholders *(iii)*	66,800	—	—	—
Other payables	1,341	1,286	288	992
Listing expenses	—	—	—	6,662
	71,552	12,721	13,121	16,817

(i) The payable is in relation to the Group's acquisition of Shanghai Ainite Insurance Agency Co., Ltd. on 19 August 2016 (note 30).

(ii) The deposits due to related parties are in accordance with the terms of agreements between both the Company and Shengda Jiarui and the Company and Hulian Shengtong, respectively, the balances of which as at the end of each of the Relevant Periods were as follows:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Shengda Jiarui	—	1,783	—	—
Hulian Shengtong	—	288	—	—
	—	2,071	—	—

(iii) In 2015, the Company issued 3,340,000 ordinary shares (note 26). The balance was the advance received capital from the shareholders with the ongoing share registration process as at 31 December 2015.

Company

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Payroll and welfare payables	—	—	1,344	1,715
Other tax payables	347	1,497	5,584	2,588
Deposits	97	618	495	187
Advance from shareholders	66,800	—	—	—
Amounts due to certain subsidiaries of the Company	—	1,791	13,975	21,955
Other payables	15	195	21	622
Listing expenses	—	—	—	6,662
	67,259	4,101	21,419	33,729

The above balances are unsecured, non-interest-bearing and repayable on demand.

23. DEFERRED TAX

Deferred tax assets

The movements in deferred tax assets during the Relevant Periods were as follows:

Group

	Amortization of intangible assets	Contract liabilities	Impairment of assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	—	—	464	464
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	—	218	(103)	115
At 31 December 2015 and at 1 January 2016	—	218	361	579
Deferred tax credited to profit or loss during the year from continuing operations *(note 10)*	365	575	470	1,410
Deferred tax credited to profit or loss during the year from a discontinued operation *(note 10)*	—	—	1,125	1,125
At 31 December 2016 and at 1 January 2017	365	793	1,956	3,114
Deferred tax credited/(charged) to profit or loss during the year from continuing operations *(note 10)*	898	932	(90)	1,740
Deferred tax credited to profit or loss during the year from a discontinued operation *(note 10)*	—	—	2,716	2,716
Disposal of a discontinued operation *(note 11)*	—	—	(3,841)	(3,841)
At 31 December 2017 and at 1 January 2018	1,263	1,725	741	3,729
Deferred tax credited/(charged) to profit or loss during the period *(note 10)*	1,158	(675)	391	874
At 30 September 2018	2,421	1,050	1,132	4,603

The Group does not have tax losses that will expire in one to five years for offsetting against future taxable profits. There is no temporary difference for which deferred tax has not been recognized.

Company

	Amortization of intangible assets	Impairment of assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2015	—	39	39
Deferred tax credited to profit or loss during the year	—	3	3
At 31 December 2015 and at 1 January 2016	—	42	42
Deferred tax credited to profit or loss during the year	59	61	120
At 31 December 2016 and at 1 January 2017	59	103	162
Deferred tax credited to profit or loss during the year	171	32	203
At 31 December 2017 and at 1 January 2018	230	135	365
Deferred tax credited/(charged) to profit or loss during the period	537	(72)	465
At 30 September 2018	767	63	830

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

31 December 2015

	Notes	Effective interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans — secured	*(i)*	4.35-6.72	2016	31,000

31 December 2016

	Notes	Effective interest rate	Maturity	
		(%)		*RMB'000*
Current				
Bank loans — secured	*(ii)*	4.35-6.50	2017	30,000
Bank loans — secured	*(iii)*	7.83	2017	22,220
Bank loans — secured	*(iv)*	5.22	2017	21,000
Bank loans — secured	*(i)*	5.22	2017	10,000
Other borrowings	*(vii)*	6.20-12.50	2017	255,888
Finance lease payables		14.40	2017	109
				339,217
Non-current				
Other borrowings	*(vii)*	6.20-12.50	2018-2019	29,302
Finance lease payables		14.40	2018-2019	245
Total				368,764

31 December 2017

	Notes	**Effective interest rate**	**Maturity**	
		(%)		*RMB'000*
Current				
Bank loans — secured	*(v)*	4.85-6.50	2018	71,000
Bank loans — secured	*(i)*	4.71	2018	10,000
Finance lease payables		14.40	2018	126
				81,126
Non-current				
Finance lease payables		14.40	2019	117
Total				81,243

30 September 2018

	Notes	**Effective interest rate**	**Maturity**	
		(%)		*RMB'000*
Current				
Bank loans — secured	*(v)*	4.85-6.50	2018-2019	101,000
Bank loans — secured	*(viii)*	5.26	2019	49,900
Bank loans — secured	*(i)*	4.71	2018	10,000
Bank loans — secured	*(vi)*	5.87	2018	4,800
Finance lease payables		14.40	2018-2019	140
				165,840
Non-current				
Finance lease payables		14.40	2019	10
Total				165,850

Analyzed into:

	As at 31 December			**As at 30 September**
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans repayable:				
Within 1 year	31,000	83,220	81,000	165,700
Other borrowings repayable:				
Within 1 year	—	255,997	126	140
Over 1 year	—	29,547	117	10
Total	31,000	368,764	81,243	165,850

Company

31 December 2015

	Notes	Effective interest rate	Maturity	
		(%)		RMB'000
Bank loans — secured	(i)	4.35-6.72	2016	31,000

31 December 2016

	Notes	Effective interest rate	Maturity	
		(%)		RMB'000
Bank loans — secured	(ii)	4.35-6.50	2017	30,000
Bank loans — secured	(iv)	5.22	2017	21,000
Bank loans — secured	(i)	5.22	2017	10,000
Total				61,000

31 December 2017

	Notes	Effective interest rate	Maturity	
		(%)		RMB'000
Bank loans — secured	(v)	4.85-6.50	2018	71,000
Bank loans — secured	(i)	4.71	2018	10,000
Total				81,000

30 September 2018

	Notes	Effective interest rate	Maturity	
		(%)		RMB'000
Bank loans — secured	(v)	4.85-6.50	2018-2019	101,000
Bank loans — secured	(viii)	5.26	2019	49,900
Bank loans — secured	(i)	4.71	2018	10,000
Bank loans — secured	(vi)	5.87	2018	4,800
Total				165,700

Analyzed into:

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans repayable:				
Within 1 year	31,000	61,000	81,000	165,700

(i) Bank loans solely guaranteed by Shanghai Shengshi Dalian Automobile Services Co., Ltd. amounted to RMB31,000,000 as at 31 December 2015, RMB10,000,000 as at 31 December 2016 and 2017 and 30 September 2018, respectively.

(ii) Bank loans jointly guaranteed by Shanghai Shengshi Dalian Automobile Services Co., Ltd. and Mr. Ye Zaichang amounted to RMB30,000,000 as at 31 December 2016.

(iii) A bank loan guaranteed by the Company and pledged by a deposit amounted to RMB22,222,000 as at 31 December 2016.

(iv) A bank loan solely guaranteed by Mr. Ye Zaichang amounted to RMB21,000,000 as at 31 December 2016.

(v) Bank loans jointly guaranteed by Shanghai Shengshi Dalian Automobile Services Co., Ltd., Mr. Ye Zaichang and Ms. Lei Guimei amounted to RMB71,000,000 as at 31 December 2017 and RMB101,000,000 as at 30 September 2018 respectively.

(vi) A bank loan jointly guaranteed by Mr. Ye Zaichang, Ms. Lei Guimei and Shanghai Medium, Small or Micro-sized Enterprises Policy Financing Guarantee Fund Management Center (上海市中小微企業政策性融資擔保基金管理中心) amounted to RMB4,800,000 as at 30 September 2018.

(vii) Other borrowings amounting to RMB285,190,000 as at 31 December 2016 were secured by mortgages over the Group's factoring finance lease receivables amounting to RMB354,599,000 as at 31 December 2016.

(viii) Bank loans jointly guaranteed by Shanghai Shengshi Dalian Automobile Services Co., Ltd. and Mr. Ye Zaichang amounted to RMB49,900,000 as at 30 September 2018.

The Company obtained a credit facility of RMB200 million in aggregate from Bank of Dalian in August 2018 with an effective period through August 2019 and with no guarantees required.

There is no consideration in connection with the guarantee of the related parties during the Relevant Periods.

Finance Lease Payables

The total future minimum lease payments under finance leases and their present values were as follows:

	Minimum lease payments			Present value of minimum lease payments		
	31 December 2016	**31 December 2017**	**30 September 2018**	**31 December 2016**	**31 December 2017**	**30 September 2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amounts payable:						
Within 1 year	153	153	153	109	126	135
1 to 2 years	153	127	51	126	119	49
2 to 3 years	127	—	—	119	—	—
Total	433	280	204	354	245	184
Future finance charges	(79)	(37)	(19)			
Total net finance lease payables	354	243	185			
Portion classified as current liabilities	(109)	(126)	(135)			
Non-current portion	245	117	50			

25. CONTRACT LIABILITIES

Group

The following table provides information about contract liabilities from contracts with customers:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Automobile Butler Services packages	3,581	7,181	8,640	8,736
Insurance Agency	—	42	—	70
	3,581	7,223	8,640	8,806

The contract liabilities primarily relate to the advance consideration received from the customers for certain Automobile Butler Services packages, revenue from which is recognized when the performance obligation is satisfied by rendering services in the period of package validity.

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	—	3,581	7,223	8,640
Revenue recognized that was included in the contract liabilities at the beginning of the year/period	—	(3,581)	(7,223)	(7,102)
Increase due to cash received, excluding amounts recognized as revenue during the year/period	3,581	7,223	8,640	7,268
At end of the year/period	3,581	7,223	8,640	8,806

Company

The following table provides information about contract liabilities from contracts with customers:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Insurance Agency	—	42	—	70

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	—	—	42	—
Revenue recognized that was included in the contract liabilities at the beginning of the year/period	—	—	(42)	(6)
Increase due to cash received, excluding amounts recognized as revenue during the year/period	—	42	—	76
At end of the year/period	—	42	—	70

26. SHARE CAPITAL

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued and fully paid:				
Share capital	60,600	127,880	127,880	127,880
Number of ordinary shares in issue	60,600	127,880	127,880	127,880

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2015	51,000,000	51,000
Issue of shares *(i)*	9,600,000	9,600
At 31 December 2015 and 1 January 2016	60,600,000	60,600
Issue of shares *(ii)*	3,340,000	3,340
Transfer from share premium *(iii)*	63,940,000	63,940
At 31 December 2016, 2017 and 30 September 2018	127,880,000	127,880

(i) On 29 January 2015, the Company issued 3,600,000 ordinary shares. On 4 February 2015, the Company issued 2,000,000 ordinary shares. On 24 April 2015, the Company issued 4,000,000 ordinary shares in relation with the share-based compensation scheme. Details of the Company's share-based compensation scheme and the share issued under the scheme are included in note 27 to the Historical Financial Information.

(ii) On 3 December 2015, the Company issued 3,340,000 ordinary shares. The Company received capital in advance from the shareholders with the ongoing share registration process as at 31 December 2015. The registration completed in 2016.

(iii) On 1 August 2016, according to the extraordinary general meeting of shareholders, 63,940,000 ordinary shares were transferred from share premium to increase share capital.

27. SHARE-BASED COMPENSATION SCHEME

The Company operates a share-based compensation scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, key management personnel and other employees of the Group. Eligible participants are the shareholders of Ningbo Shengning Investment LLP. Shares were granted through Ningbo Sheng Ning Investment LLP, subject to shareholders' approval in advance in a general meeting on 24 April 2015.

4,000,000 shares were granted at RMB2.00 per share. All the shares were immediately settled upon grant. The fair value of the shares granted in 2015 was estimated using income approach (discounted cash flow model with after-tax weighted average cost of capital of 15%). The Group recognized a share-based compensation expense of RMB4,748,000 during the year ended 31 December 2015.

The Scheme resulted in the issue of 4,000,000 ordinary shares of the Company and new share capital of RMB4,000,000, as further detailed in note 26 to the Historical Financial Information.

At the date of this report, the Company had no shares outstanding under the Scheme.

28. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

Share premium

The share premium of the Group represents the amount paid by shareholders for capital injection in excess of nominal value. Details of the movements in the share premium are set out in the consolidated statements of changes in equity.

Statutory reserve

In accordance with relevant regulations and the articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the statutory surplus reserve. After the balance of such reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the company. The statutory reserve can be utilized to offset accumulated losses or increase capital.

Company

	Share premium	Share-based compensation reserve	Statutory reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	11,485	—	—	(704)	10,781
Total comprehensive income	—	—	—	4,165	4,165
Issue of shares	47,721	—	—	—	47,721
Share-based payment	—	4,748	—	—	4,748
Transfer from retained profits	—	—	346	(346)	—
At 31 December 2015 and 1 January 2016	59,206	4,748	346	3,115	67,415
Total comprehensive income	—	—	—	13,511	13,511
Issue of shares	63,460	—	—	—	63,460
Transfer from share premium	(63,940)	—	—	—	(63,940)
Transfer from retained profits	—	—	1,351	(1,351)	—
At 31 December 2016 and 1 January 2017	58,726	4,748	1,697	15,275	80,446
Total comprehensive income	—	—	—	72,834	72,834
Transfer from retained profits	—	—	7,284	(7,284)	—
At 31 December 2017 and 1 January 2018	58,726	4,748	8,981	80,825	153,280
Total comprehensive income	—	—	—	23,609	23,609
Dividends declared	—	—	—	(51,152)	(51,152)
At 30 September 2018	58,726	4,748	8,981	53,282	125,737

29. INVESTMENTS IN SUBSIDIARIES

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments in subsidiaries	73,054	106,054	21,054	61,054

Particulars of the subsidiaries of the Company are set out in note 1 of the Historical Financial Information.

30. ACQUISITION OF A SUBSIDIARY NOT ACCOUNTED FOR AS A BUSINESS COMBINATION

On 19 August 2016, the Group acquired a 100% interest in Shanghai Ainite Insurance Agency Co., Ltd. from a third party. The acquisition was made as part of the Group's strategy to expand its market share of automobile insurance business.

The above acquisition has been accounted for an acquisition of assets in the Group's consolidated financial statements. The purchase cost of the Group is allocated to the assets and liabilities, respectively on the basis of their relative fair values at the date of purchase.

The allocation of the purchase cost on the basis of the relative fair values of the assets and liabilities acquired as at the date of the purchase is as follows:

	Allocation of purchase cost
	RMB'000
Cash and cash equivalents	104
Other receivables (i)	865
Intangible assets	1,200
	2,169
Satisfied by cash	1,449
Satisfied by other payables — installment	720

(i) As at the acquisition date, other receivables were not considered impaired.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(1,449)
Cash and bank balances acquired	104
Net outflow of cash and cash equivalents included in cash flows from investing activities	(1,345)

31. CONTINGENT LIABILITIES

As at the end of the Relevant Periods, neither the Group nor the Company had any significant contingent liabilities.

32. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in note 24 to the Historical Financial Information.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2016, the Group entered into finance lease arrangements in respect of vehicles with a total capital value at the inception of the leases of RMB354,000.

(b) Changes in liabilities arising from financing activities

	Interest bearing bank borrowings	Finance lease payables	Interest payables	Other borrowings	Dividend Payable	Advance from shareholders
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	30,000	—	—	—	—	—
Change from financing cash flows	1,000	—	(1,396)	—	—	66,800
Interest expenses	—	—	1,396	—	—	—
At 31 December 2015 and 1 January 2016	31,000	—	—	—	—	66,800
Change from financing cash flows	52,220	(25)	(3,216)	285,190	—	—
New finance lease	—	370	—	—	—	
Transfer to equity	—	—	—	—	—	(66,800)
Interest expenses	—	9	3,216	—	—	—
At 31 December 2016 and 1 January 2017	83,220	354	—	285,190	—	—
Change from financing cash flows	(2,220)	(155)	(3,384)	213,730	—	—
Changes arising from losing control of discontinued operation	—	—	—	(498,920)	—	—
Interest expenses	—	44	3,384	—	—	—
At 31 December 2017 and 1 January 2018	81,000	243	—	—	—	—
Change from financing cash flows	84,700	(115)	(4,755)	—	—	—
Dividend declared	—	—	—	—	51,152	—
Dividend paid	—	—	—	—	(51,152)	—
Interest expenses	—	22	4,755	—	—	—
At 30 September 2018	165,700	150	—	—	—	—

34. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms from 1 to 10 years.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating lease payables as follows:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	2,702	6,388	4,965	4,359
2 to 5 years	8,184	22,372	14,698	12,904
Over 5 years	4,800	7,102	960	—
	15,686	35,862	20,623	17,263

35. RELATED PARTY TRANSACTIONS

In addition to the transactions, arrangements and balances detailed elsewhere in the Historical Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

(a) Transactions with related parties:

Finance lease income:

		Year ended 31 December			Nine months ended 30 September	
	Note	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Shengda Jiarui	*(i)*	133	5,761	3,422	2,935	—
Hulian Shengtong	*(i)*	—	544	402	343	—
		133	6,305	3,824	3,278	—

(i) Finance lease income from automobile lease services was determined in accordance with the terms of agreements between both the Group and Shengda Jiarui and the Group and Hulian Shengtong, respectively.

Services provided:

		Year ended 31 December			Nine months ended 30 September	
	Note	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Shanghai Shengda Automobile Services Group Co., Ltd.	*(ii)*	400	—	—	—	—

(ii) Services were provided on behalf of Shanghai Shengda Automobile Services Group Co., Ltd., the Parent. Services were provided based on the contract between the Parent and a third party according to the published prices and conditions offered to the major customers of the Group.

(b) Compensation of senior management personnel of the Group:

	Year ended 31 December			Nine months ended 30 September	
	2015	2016	2017	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Salaries	105	150	589	239	630
Pension scheme contributions and social welfare	50	24	73	51	155
Share-based compensation expense	2,345	—	—	—	—
Total compensation paid to senior management personnel	2,500	174	662	290	785

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

The related party transactions above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) Disposal of a subsidiary:

Details are set out in note 11 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the Relevant Periods were as follows:

Group

As at 31 December 2015

Financial assets

	Loans and receivables
	RMB'000
Trade receivables	42,984
Finance lease receivables	59,593
Prepayments, deposits and other receivables	41,744
Pledged deposits	1,217
Cash and cash equivalents	102,418
	247,956

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	4,255
Other payables and accruals	69,502
Interest-bearing bank and other borrowings	31,000
	104,757

As at 31 December 2016

Financial assets

	Loans and receivables
	RMB'000
Trade receivables	97,938
Finance lease receivables	397,818
Prepayments, deposits and other receivables	78,259
Pledged deposits	3,944
Cash and cash equivalents	21,571
	599,530

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	7,504
Other payables and accruals	6,560
Interest-bearing bank and other borrowings	368,764
	382,828

As at 31 December 2017

Financial assets

	Loans and receivables
	RMB'000
Trade receivables	168,674
Prepayments, deposits and other receivables	47,103
Pledged deposits	2,723
Cash and cash equivalents	203,455
	421,955

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	31,891
Other payables and accruals	1,103
Interest-bearing bank and other borrowings	81,243
	114,237

As at 30 September 2018

Financial assets

	Financial assets at amortized cost
	RMB'000
Trade receivables	216,792
Prepayments, deposits and other receivables	48,553
Pledged deposits	2,724
Cash and cash equivalents	199,090
	467,159

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	10,485
Other payables and accruals	8,114
Interest-bearing bank and other borrowings	165,850
	184,449

Company

As at 31 December 2015

Financial assets

	Loans and receivables
	RMB'000
Trade receivables	2,084
Prepayments, deposits and other receivables	55,615
Pledged deposits	1,011
Cash and cash equivalents	90,199
	148,909

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	559
Other payables and accruals	66,912
Interest-bearing bank borrowings	31,000
	98,471

As at 31 December 2016

Financial assets

	Loans and receivables
	RMB'000
Trade receivables	16,811
Prepayments, deposits and other receivables	124,421
Pledged deposits	1,014
Cash and cash equivalents	12,279
	154,525

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	453
Other payables and accruals	2,604
Interest-bearing bank borrowings	61,000
	64,057

As at 31 December 2017

Financial assets

	Loans and receivables
	RMB'000
Trade receivables	67,283
Prepayments, deposits and other receivables	120,530
Pledged deposits	1,017
Cash and cash equivalents	167,659
	356,489

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	13,698
Other payables and accruals	14,491
Interest-bearing bank borrowings	81,000
	109,189

As at 30 September 2018

Financial assets

	Financial assets at amortized cost
	RMB'000
Trade receivables	44,687
Prepayments, deposits and other receivables	128,293
Pledged deposits	1,020
Cash and cash equivalents	162,227
	336,227

Financial liabilities

	Financial liabilities at amortized cost
	RMB'000
Trade payables	174
Other payables and accruals	29,426
Interest-bearing bank borrowings	165,700
	195,300

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, finance lease receivables and pledged deposits, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents and pledged short-term deposits and interest-bearing banking and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, finance lease receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Finance lease receivables are typically secured with automobiles, which are exposed to credit risk. The risk is mitigated by credit evaluations the Group performs on customers and monitors on an ongoing basis. The Group maintained reserves for estimated credit losses and these losses have generally been within its expectations.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, financial assets included in prepayments, deposits and other receivables arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer/counterparty and by operating segment.

The analysis of financial assets which are neither past due nor impaired is as follows:

	As at 31 December			As at 30 September
	2015	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Finance lease receivables	59,593	351,351	—	—

As at 31 December 2016, the finance lease receivables which were past due but not considered impaired is as follows:

31 December 2016	**Within 3 months**	**3 months to 6 months**	**Total**
Finance lease receivables	34,216	9,877	44,093

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

Group

At 31 December 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	4,255	—	—	—	—	4,255
Financial liabilities included in other payables and accruals	1,341	—	68,161	—	—	69,502
Interest-bearing bank and other borrowings	—	6,004	26,055	—	—	32,059
	5,596	6,004	94,216	—	—	105,816

At 31 December 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	7,504	—	—	—	—	7,504
Financial liabilities included in other payables and accruals	4,077	—	2,483	—	—	6,560
Interest-bearing bank and other borrowings	—	16,141	326,659	32,983	—	375,783
	11,581	16,141	329,142	32,983	—	389,847

At 31 December 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	31,891	—	—	—	—	31,891
Financial liabilities included in other payables and accruals	360	—	743	—	—	1,103
Interest-bearing bank and other borrowings	—	21,203	62,029	127	—	83,359
	32,251	21,203	62,772	127	—	116,353

At 30 September 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	10,485	—	—	—	—	10,485
Financial liabilities included in other payables and accruals	7,696	—	418	—	—	8,114
Interest-bearing bank and other borrowings	—	36,553	140,444	13	—	177,010
	18,181	36,553	140,862	13	—	195,609

Company

At 31 December 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	559	—	—	—	—	559
Financial liabilities included in other payables and accruals	97	—	66,815	—	—	66,912
Interest-bearing bank borrowings	—	6,004	26,055	—	—	32,059
	656	6,004	92,870	—	—	99,530

At 31 December 2016

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	453	—	—	—	—	453
Financial liabilities included in other payables and accruals	2,604	—	—	—	—	2,604
Interest-bearing bank borrowings	—	16,103	47,139	—	—	63,242
	3,057	16,103	47,139	—	—	66,299

At 31 December 2017

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	13,698	—	—	—	—	13,698
Financial liabilities included in other payables and accruals	14,491	—	—	—	—	14,491
Interest-bearing bank borrowings	—	21,165	61,914	—	—	83,079
	28,189	21,165	61,914	—	—	111,268

At 30 September 2018

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	174	—	—	—	—	174
Financial liabilities included in other payables and accruals	29,239	—	187	—	—	29,426
Interest-bearing bank borrowings	—	21,165	61,914	—	—	83,079
	29,413	21,165	62,101	—	—	112,679

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. The Group monitors capital using a capital leverage ratio.

The capital leverage ratio is total liabilities divided by the capital plus total liabilities. Capital represents equity attribute to the owners of the parent. The capital leverage ratio as at the end of each the Relevant Periods were as follows:

Group

	As at 31 December			As at 30 September
	2015	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total liabilities	113,833	401,613	143,885	208,013
Equity attributable to owners of the parent	156,581	270,879	347,990	378,586
Capital and total liabilities	270,414	672,492	491,875	586,599
Capital leverage ratio	42%	60%	29%	35%

39. EVENTS AFTER THE RELEVANT PERIODS

The Company obtained a credit facility of RMB15 million in aggregate from Fubon Bank (China) in October 2018 with an effective period through September 2021 and with no guarantee required.

The Company obtained a credit facility of RMB100 million in aggregate from China Merchants Bank in December 2018 with an effective period through December 2019 and with no guarantee required.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2018.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document and is included for information purposes only. The pro forma financial information should be read in conjunction with the "Financial Information" section in this document and the Accountants' Report set out in Appendix I to this document.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets has been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for inclusion in Investment Circulars*" issued by the Hong Kong Institute of Certified Public Accountants for illustration purposes only, and is set out here to provide the prospective investors with further information on how the proposed listing might have affected the net tangible assets of the Group after the completion of the global offering of shares of the Company (the "Global Offering") as if it had taken place on 30 September 2018.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to owners of the Company had the Global Offering been completed as of September 30, 2018 or any future date.

	Consolidated net tangible assets attributable to owners of the Company as of September 30, 2018	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$23.00 per Share	309,797	773,848	1,083,645	6.36	7.42
Based on an Offer Price of HK$30.80 per Share	309,797	1,050,087	1,359,884	7.98	9.31

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of September 30, 2018 is extracted from "Appendix I — Accountants' Report", which is based on the audited consolidated equity attributable to owners of the Company as of September 30, 2018 of approximately RMB379,944,000 less intangible assets as of September 30, 2018 of approximately RMB70,147,000.

(2) The estimated net proceeds from the Global Offering are based on the estimated offer prices of HK$23.00 or HK$30.80 per Share, after deduction of the underwriting fees and other related expenses payable by the Company and does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.85652 prevailing on March 8, 2019.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 170,506,600 Shares are in issue assuming that the Global Offering has been completed on September 30, 2018.

(4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.85652 prevailing on March 8, 2019.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of Sun Car Insurance Agency Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of Sun Car Insurance Agency Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 30 September 2018 and related notes as set out on page II-1 of the document dated 30 September 2018 (the "Document") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on page II-1 of Appendix II to the Document.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 September 2018 as if the transaction had taken place at 30 September 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the three months ended 30 September 2018, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Document* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Document is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma 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:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

March 19, 2019

*The following is the preliminary financial information of our Group as of and for the year ended December 31, 2018 (the "**2018 Preliminary Financial Information**"), together with a management's discussion and analysis of our Group's financial condition and results of operations. The preliminary financial information has been prepared based on the consolidated financial statements of the Group prepared in accordance with IFRS. The 2018 Preliminary Financial Information was not audited. Investors should bear in mind that the 2018 Preliminary Financial Information in this appendix may be subject to adjustments.*

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**2017**	**2018**
		RMB'000	*RMB'000*
		(Audited)	*(Unaudited)*
CONTINUING OPERATIONS			
REVENUE	*4(a)*	816,809	1,426,828
Cost of sales	*5(a)*	(670,699)	(1,180,929)
Gross profit		146,110	245,899
Other income and gains	*4(b)*	5,922	12,181
Selling and distribution expenses		(39,139)	(56,844)
Administrative expenses		(19,678)	(37,657)
Finance costs		(3,428)	(6,960)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		89,787	156,619
Income tax expense	*6*	(15,025)	(24,840)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		74,762	131,779
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation		2,963	—
PROFIT FOR THE YEAR		77,725	131,779
Attributable to:			
Owners of the parent		77,111	131,386
Non-controlling interests		614	393
		77,725	131,779
Total comprehensive income attributable to:			
Owners of the parent		77,111	131,386
Non-controlling interests		614	393
		77,725	131,779
EARNING PER SHARE ATTRIBUTED TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic and diluted			
— For profit for the year		RMB0.60	RMB1.03
— For profit from continuing operations		RMB0.58	RMB1.03

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2017	As at 31 December 2018
		RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
NON-CURRENT ASSETS			
Property and equipment		5,040	12,629
Intangible assets		58,534	92,992
Prepayments		728	—
Deferred tax assets		3,729	5,134
Total non-current assets		68,031	110,755
CURRENT ASSETS			
Trade receivables	*9*	168,674	229,801
Prepayments, deposits and other receivables		50,025	82,967
Pledged deposits		2,723	2,624
Cash and cash equivalents		203,455	238,147
Total current assets		424,877	553,539
CURRENT LIABILITIES			
Trade payables	*10*	31,891	15,515
Other payables and accruals		13,121	31,374
Interest-bearing bank and other borrowings		81,126	160,716
Income tax payable		8,990	12,187
Contract liabilities		8,640	14,852
Total current liabilities		143,768	234,644
NET CURRENT ASSETS		281,109	318,895
TOTAL ASSETS LESS CURRENT LIABILITIES		349,140	429,650
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		117	—
Total non-current liabilities		117	—
Net assets		349,023	429,650
EQUITY			
Equity attributable to owners of the parent			
Share capital		127,880	127,880
Other reserves		220,110	300,344
		347,990	428,224
Non-controlling interests		1,033	1,426
Total equity		349,023	429,650

NOTES TO THE 2018 PRELIMINARY FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The 2018 Preliminary Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). Except for IFRS 9 *Financial Instruments*, all IFRSs effective for the accounting period commencing from 1 January 2018, including IFRS 15 Revenue from contracts with customers ("IFRS 15"), together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Preliminary Financial Information throughout the years ended 31 December 2017 and 2018.

The 2018 Preliminary Financial Information and comparative financial information as of and for the years ended December 31, 2017 and 2018 have been prepared under the historical cost convention.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted IFRS 9 *Financial Instruments* from 1 January 2018. The Group did not restate comparative information. No transition adjustments against the opening balance of equity were recognised at 1 January 2018. The impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

Upon adoption of IFRS 9, the classification and measurement of financial assets depends on two assessments: the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial asset. The adoption of IFRS 9 does not have a significant impact on the classification and measurement of its financial assets. The Group continues measuring at fair value all financial assets currently held at fair value and at amortised cost all financial assets currently held at amortised cost.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group applies the simplified approach and record lifetime expected losses of trade receivables. The Group applies the general approach to other debt instruments recorded at amortised cost. The impacts related to the provision for impairment are immaterial.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not adopted the following standards that have been issued but not yet effective, in the Historical Financial Information:

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Annual Improvements 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*[1]

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after 1 January 2020

[3] Effective for annual periods beginning on or after 1 January 2021

[4] No mandatory effective date yet determined but available for adoption

Except as disclosed below, management anticipates that the application of other new and amendments to IFRSs will have no material impact to the Group's financial performance and consolidated financial position and/or on the disclosures in future consolidated financial statements.

IFRS 16, issued in May 2016, replaces IAS 17 *Leases*, IFRIC-4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases — Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group expects to adopt IFRS 16 from 1 January 2019. As at 31 December 2018, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately RMB21,868,000. Upon adoption of IFRS 16, certain amounts included therein may need to be recognised as new right-of-use assets and lease liabilities. Further analysis, however, will be needed to determine the amount of new rights of use assets and lease liabilities to be recognised, including, but not limited to, any amounts relating to leases of low-value assets and short term leases, other practical expedients and reliefs chosen, and new leases entered into before the date of adoption. The Group is currently assessing the impact of IFRS 16 upon adoption. It is estimated that the initial adoption of IFRS 16 will affect asset and liability of the Group with an amount of RMB14,248,000 and RMB14,272,000, respectively, and the adoption of IFRS 16 is not expected to have significant impact on the retained profits as of 1 January 2019 or the financial performance of the Group in 2019.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their services and has two reportable operating segments as follows:

(a) Insurance Agency;

(b) Automobile Butler Services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax from continuing operations. The adjusted profit before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that other income and gains and finance costs from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, cash and cash equivalents, other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, income tax payable, other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	Year ended 31 December 2017			Year ended 31 December 2018		
	Insurance Agency	Automobile Butler Services	Total	Insurance Agency	Automobile Butler Services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Segment revenue						
Sales to external customers	607,824	208,985	816,809	1,004,417	422,411	1,426,828
Reconciliation:						
Revenue from continuing operations			816,809			1,426,828
Segment result	40,207	48,546	88,753	63,061	89,520	152,581
Reconciliation:						
Other income and gains			5,922			12,181
Administrative expense			(1,460)			(1,183)
Finance costs			(3,428)			(6,960)
Profit before tax from continuing operations			89,787			156,619
Segment assets	117,142	160,565	277,707	203,002	213,709	416,711
Reconciliation:						
Corporate and other unallocated assets			215,201			247,583
Total assets			492,908			664,294
Segment liabilities	29,020	24,027	53,047	9,665	38,813	48,478
Reconciliation:						
Corporate and other unallocated liabilities			90,838			186,166
Total liabilities			143,885			234,644
Other segment information:						
Depreciation and amortisation	5,012	10,054	15,066	5,371	12,529	17,900
Capital expenditure	11,876	8,185	20,061	25,386	33,616	59,002

Geographical information

Since most of the Group's revenue and operating profit were generated from the insurance agent and car service in the PRC and most of the Group's identifiable assets and liabilities were located in the PRC, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

Revenue from continuing operations from the Group's major customers, including sales to a group of entities which are known to be under common control with that customer, that contribute more than 10% of the total revenues of the Group are listed as below:

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Segment/Customer		
Insurance Agency		
— Customer A	387,390	540,959
Automobile Butler Services		
— Customer B	98,503	212,024

For the years ended 31 December 2017 and 2018, the revenue generated from above major customers accounted for 59.5% and 52.8% of the total revenues, respectively.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of services provided during 2017 and 2018.

An analysis of revenue, other income and gains is as follows:

(a) Revenue:

Disaggregation of revenue

The management assesses the performance of the operating segments mainly based on segment adjusted profit before tax from continuing operations. The revenue is from continuing operation, which is consistent with the revenue information that is disclosed in note 3.

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Segment revenue		
Insurance Agency	607,824	1,004,417
Automobile Butler Services	208,985	422,411
	816,809	1,426,828

Timing of revenue recognition

The Group recognises its revenue from provision of services at a point in time or over time in the following service lines.

At a point in time

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
Insurance Agency	607,824	1,004,417
Automobile Butler Services	190,714	365,585
	798,538	1,370,002

Over time

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
Automobile Butler Services	18,271	56,826

At 31 December 2017 and 2018, the transaction price allocated to performance obligation that are unsatisfied (or partially unsatisfied) in relation to Automobile Butler Services are approximately RMB6,901,000 and RMB7,808,000, respectively. The directors of the Company expect that the unsatisfied performance obligation will be recognised as revenue within one year in accordance with the contract terms.

(b) Other income and gains:

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
Bank interest income	255	2,345
Government grants*	3,765	6,253
Investment income from entrusted loans	1,528	670
Service income	360	2,902
Others	14	11
	5,922	12,181

* Government grants include various subsidies to support the Group's operation from relevant government bodies. There are no unfulfilled conditions or contingencies related to these grants.

5. PROFIT BEFORE TAX

An analysis of profit before tax from continuing operations is as follows:

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
(a) Cost of sales:		
Cost of sales	670,699	1,180,929
(b) Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	15,461	31,040
Pension scheme contribution, social welfare and other welfare	4,614	7,249
	20,075	38,289

(c) Other items:

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
Depreciation	2,106	2,360
Amortisation of intangible assets	12,244	15,540
Lease payments under operating leases	5,139	5,960
Service fee	5,137	6,978
Auditors' remuneration	283	846
Other professional service fee	1,320	336
(Reversal of impairment)/impairment of trade receivables	(33)	3,920
Reversal of impairment of other receivables	(57)	(179)
Promotion and advertising expenses	411	699
Other taxes	101	215
Bank charges	896	719
Office related expenses	3,543	4,879
Transportation expenses	5,551	9,009
Investment income from entrusted loans	(1,528)	(670)
Bank interest income	(255)	(2,345)
Net gain on disposal of items of property and equipment	(6)	(4)

The depreciation of property and equipment and amortisation of intangible assets are included in "administrative expenses" and "selling and distribution expenses" in the consolidated statements of profit or loss and other comprehensive income.

6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the PRC. Under the Enterprise Income Tax Law of the PRC, the Company's subsidiaries that are established in the PRC were subject to the enterprise income tax rate of 25% during the years ended 31 December 2017 and 2018, except for the subsidiaries of the Company, Shanghai Shengshi Dalian Automobile Services Co., Ltd., Shanghai Chengle Technology Network Technology Co., Ltd. and the Company, which were accredited as new high-tech enterprises ("NHTE") in 2015, 2018 and 2016, respectively, effective for three years from 2015 to 2017, 2018 to 2020 and 2016 to 2018 by the relevant authorities. In October 2018, Shanghai Shengshi Dalian Automobile Services Co., Ltd. was reaccredited as NHTE, effective for three years from 2018 to 2020. In November 2018, Shanghai Chengle Technology Network Technology Co., Ltd. was accredited as NHTE, effective for three years from 2018 to 2020. Therefore, the preferential income tax rate of 15% was applied to Shanghai Shengshi Dalian Automobile Services Co., Ltd., Shanghai Chengle Technology Network Technology Co., Ltd. and the Company during the years from 2015 to 2020, 2018 to 2020 and 2016 to 2018, respectively. The NHTE status is reassessed every three years.

The major components of income tax expense are as follows:

	Year ended 31 December 2017	**Year ended 31 December 2018**
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
Current tax	16,765	26,245
Deferred tax	(1,740)	(1,405)
Total tax charge for the year from continuing operations	15,025	24,840
Current tax	3,349	—
Deferred tax	(2,716)	—
Total tax charge for the year from a discontinued operation	633	—
	15,658	24,840

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2017	**Year ended 31 December 2018**
	RMB'000 *(Audited)*	*RMB'000* *(Unaudited)*
Profit before tax from continuing operations	89,787	156,619
Profit before tax from a discontinued operation	3,596	—
	93,383	156,619

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Tax at the statutory tax rate (25%)	23,346	39,155
Lower tax rate enacted by local authority	(7,257)	(14,077)
Effect on opening deferred tax of change in rates	(690)	447
Expenses not deductible for tax	306	185
Research and development plus deduction	(391)	(629)
Adjustments in respect of current tax of previous years	344	(241)
Tax charge at the Group's effective rate	15,658	24,840
Tax charge from continuing operations at the effective rate	15,025	24,840
Tax charge from a discontinued operation at the effective rate	633	—

7. DIVIDENDS

Approved by the Company's shareholders at the annual general meeting on 14 May 2018, the dividend of RMB4.00 per 10 ordinary shares was declared by the Company. The dividend was paid on 6 July 2018. No other dividend was declared or paid by the Company during the years ended 31 December 2017 and 2018.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the Parent, and the weighted average number of ordinary shares in issue during 2017 and 2018.

The Company had no potential dilutive ordinary shares in during 2017 and 2018.

The calculation of basic earnings per share is based on:

	Year ended 31 December 2017	Year ended 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	74,148	131,386
From a discontinued operation	2,963	—
	77,111	131,386

	Year ended 31 December 2017	Year ended 31 December 2018
	'000	*'000*
	(Audited)	*(Unaudited)*
Shares		
Weighted average number of ordinary shares	127,880	127,880

9. TRADE RECEIVABLES

	As at 31 December 2017	As at 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Trade receivables:		
Insurance Agency	81,642	74,843
Automobile Butler Services	90,733	162,579
Impairment	(3,701)	(7,621)
	168,674	229,801

The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The ageing analysis of trade receivables based on transaction date, as at 31 December 2017 and 2018, was as follows:

	As at 31 December 2017	As at 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Within 90 days	157,954	180,312
91 to 365 days	11,450	38,847
1 to 2 years	797	17,796
2 to 3 years	1,155	19
Over 3 years	1,019	448
	172,375	237,422

The movements in provision for impairment of trade receivables are as below:

	As at 31 December 2017	As at 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
At beginning of year	3,734	3,701
Impairment losses (reversed)/recognised	(33)	3,920
At end of year	3,701	7,621

The expected credit loss model as at 31 December 2018 was as follows:

Insurance Agency:

Collective assessment	**<3 months**	**3-12 months**	**12-24 months**	**24-36 months**	**>36 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Expected credit loss rate	0.11%	1.1%	22%	77%	100%	
Gross carrying amount	65,716	9,127				74,843
Expected credit loss	72	100				172
Total expected credit loss of Insurance Agency segment						172

Automobile Butler Services:

Collective assessment	**<6 months**	**6-12 months**	**12-24 months**	**24-36 months**	**>36 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Expected credit loss rate	0.22%	6.6%	33%	77%	100%	
Gross carrying amount	131,850	12,466	17,796	19	448	162,579
Expected credit loss	290	823	5,873	15	448	7,449
Total expected credit loss of Automobile Butler Services segment						7,449
Total expected credit loss						7,621

10. TRADE PAYABLES

	As at 31 December 2017	As at 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Trade payables	31,891	15,515

An ageing analysis of the trade payables as at 31 December 2017 and 2018, based on the transaction date, was as follows:

	As at 31 December 2017	As at 31 December 2018
	RMB'000	*RMB'000*
	(Audited)	*(Unaudited)*
Within 90 days	31,884	15,508
Over 90 days	7	7
	31,891	15,515

BUSINESS REVIEW AND OUTLOOK

We are a leading professional automobile insurance agency and B2B integrated automobile after-sales service provider in China. We operate our insurance agency business and automobile butler services business primarily through a B2B2C model. Leveraging our highly scalable business model, we continued to expand our marketing network and customer base in both our insurance agency business and automobile butler services business segments, and established six additional branch companies for our automobile insurance business in 2018. During the year, we also began collaborating with Baidu to develop HTML5 webpages to be embedded into Baidu Maps' interface to allow users of Baidu Maps to search for our butler service providers and complete the purchase of car wash services within Baidu Maps, and as of the Latest Practicable Date we have launched the services in Hubei Province.

For the year ended December 31, 2018, we recorded a total revenue of RMB1,426.8 million, which represented a 74.7% increase from the total revenue of RMB816.8 million for the year ended December 31, 2017. We experienced an increase of 68.3% in gross profit from RMB146.1 million for the year ended December 31, 2017 to RMB245.9 million for the year ended December 31, 2018. We also recorded an increase in our profit for the year from RMB77.7 million for the year ended December 31, 2017 to RMB131.8 million for the year ended December 31, 2018, representing an increase of 69.5%.

Going forward, we plan to implement the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunities:

- build a mutually beneficial integrated auto use ecosystem;
- explore the B2C business model and promote brand recognition;
- advance the presence of our automobile after-sales service network;
- continue to develop automobile insurance marketing channels and expand our omni-channel marketing network;
- further enhance our technology capabilities; and
- pursue strategic alliance, investment and acquisition opportunities.

Since December 31, 2018 and up to the Latest Practicable Date, our business generally experienced continued growth and, to the best of our knowledge, there is no change to the overall economic and market condition in China or in the industry in which we operate that may have a material adverse effect to our business operations and financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND OPERATION RESULTS

Analysis of Key Items of Results of Operations

Revenue

	Year Ended December 31,			
	2017		2018	
	RMB	*%*	*RMB* *(unaudited)*	*%*
	(in thousands, except percentages)			
Revenue from continuing operations				
Insurance Agency	607,824	74.4	1,004,417	70.4
Automobile Butler Services	208,985	25.6	422,411	29.6
Total	816,809	100.0	1,426,828	100.0

Our revenue increased by 74.7% from RMB816.8 million in 2017 to RMB1,426.8 million in 2018, which was in line with our overall business growth. Our revenue generated from the insurance agency business increased by 65.2% from RMB607.8 million in 2017 to RMB1,004.4 million in 2018, primarily attributable to an increase in the number of insurance policies sold by us from 738,143 in 2017 to 1,876,757 in 2018, with a corresponding increase in aggregate premiums thereof from RMB2,191.7 million in 2017 to RMB3,989.1 million in 2018, notwithstanding a slight decrease in our average commission rates with our insurance customers from 27.7% in 2017 to 25.2% in 2018. The increase in our insurance agency business volume was attributable to both our business expansion into ten new cities from 17 cities as of December 31, 2017 to 27 cities as of December 31, 2018, which contributed an additional revenue of RMB107.1 million, as well as organic growth from the existing cities with revenue contribution grew from RMB607.8 million in 2017 to RMB897.4 million in 2018 as we continued to ramp up their business volume. Our revenue generated from the automobile butler services business increased by 102.1% from RMB209.0 million in 2017 to RMB422.4 million in 2018 primarily resulting from increasing business volume with our significantly expanded customer base. More particularly, the number of our automobile butler services customers grew from just over 220 in 2017 to over 400 in 2018 and contributing, to a varying degree, to the increase in our reported revenue in 2018.

Cost of Sales

	Year Ended December 31,			
	2017		**2018**	
	RMB	*%*	*RMB* *(unaudited)*	*%*
	(in thousands, except percentages)			
Insurance Agency	544,312	81.2	901,840	76.4
Automobile Butler Services	126,387	18.8	279,089	23.6
Total	670,699	100.0	1,180,929	100.0

Our cost of sales increased by 76.1% from RMB670.7 million in 2017 to RMB1,180.9 million in 2018, which was in line with our revenue growth and geographical expansion. The cost of sales for our insurance agency business increased by 65.7% from RMB544.3 million in 2017 to RMB901.8 million in 2018 primarily due to an increase in cost of referral services we incurred for our external referral sources, specifically an increase of 88.0% of our costs of referral services to referral service providers from RMB426.9 million in 2017 to RMB802.8 million in 2018, and an increase of 162.0% to strategic channel partners from RMB30.6 million in 2017 to RMB80.2 million in 2018, as we significantly expanded these two types of external referral sources to support our business growth and geographical expansion. The cost of sales for our automobile butler services business increased by 120.8% from RMB126.4 million in 2017 to RMB279.1 million primarily due to increases in car service cost paid for our purchases of automobile butler services and other service costs including purchases of gift cards and coupons as we expanded our business scale.

Gross Profit and Gross Profit Margin

	Year Ended December 31,			
	2017		2018	
	RMB	*%*	*RMB* *(unaudited)*	*%*
	(in thousands, except percentages)			
Insurance Agency	63,512	10.4	102,577	10.2
Automobile Butler Services	82,598	39.5	143,322	33.9
Total	146,110	17.9	245,899	17.2

As a result of the foregoing, our gross profit increased from RMB146.1 million in 2017 to RMB245.9 million in 2018.

Our overall gross profit margin decreased slightly from 17.9% in 2017 to 17.2% in 2018 primarily attributable to a decrease in gross profit margin of our automobile butler services business. The gross profit margin of our automobile butler services business decreased from 39.5% in 2017 to 33.9% in 2018, partly due to the upward adjustments of our contracted service fees with certain of our butler service providers upon renewal of their annual contracts and higher contracted service fees with certain new butler service providers we engaged in 2018 compared 2017, while our contracted service fees with corresponding butler partners remained unadjusted under our ongoing contracts. The gross profit margin of our insurance agency business remained relatively stable at 10.2% in 2018 compared to 10.4% in 2017.

Other Income and Gains

Our other income and gains increased by 105.7% from RMB5.9 million in 2017 to RMB12.2 million in 2018, primarily attributable to (i) an increase in service income from RMB0.4 million in 2017 to RMB2.9 million in 2018 in relation to income generated from placements of advertisements on our websites of certain insurance companies, (ii) an increase in government grants from RMB3.8 million in 2017 to RMB6.3 million in 2018 in relation to industry support from the government, and (iii) an increase in bank interest income from RMB0.3 million to RMB2.3 million from our increased bank deposits.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 45.2% from RMB39.1 million in 2017 to RMB56.8 million in 2018, primarily attributable to increases in (i) wages and salaries of our general sales and marketing personnel from RMB15.4 million in 2017 to RMB22.7 million in 2018, as a result of an increase in the headcount of our general sales and marketing personnel, (ii) service fees from RMB1.5 million in 2017 to RMB4.5 million in 2018 in relation to the fees paid to labor dispatching companies for assisting us in advertising our automobile insurance business, (iii) our amortization and depreciation expenses from RMB12.7 million in 2017 to RMB15.5 million in 2018, which was in line with the increase in book value of our capitalized software and mobile applications, and (iv) transportation expenses and office expenses which were in line with our business growth.

Administrative Expenses

Our administrative expenses increased by 91.4% from RMB19.7 million in 2017 to RMB37.7 million in 2018, primarily attributable to (i) an increase in wages and salaries of our administrative personnel from RMB4.7 million in 2017 to RMB15.5 million in 2018 as we expanded our administrative work force and (ii) increase in amortization and depreciation expenses from RMB1.6 million in 2017 to RMB2.4 million in 2018.

Finance Costs

Our finance costs increased by 103.0% from RMB3.4 million in 2017 to RMB7.0 million in 2018, primarily attributable to an increase in interests paid on bank loans.

Income Tax Expense

Our income tax expense increased by 65.3% from RMB15.0 million in 2017 to RMB24.8 million in 2018, primarily attributable to an increase in our profit before tax from continuing operations. The effective tax rate for our continuing operations decreased slightly from 16.7% in 2017 to 15.9% in 2018.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 69.5% from RMB77.7 million in 2017 to RMB131.8 million in 2018.

Analysis of Key Items of Financial Position

Net Current Assets/(Liabilities)

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As of December 31,	
	2017	**2018**
		(unaudited)
	(RMB in thousands)	
CURRENT ASSETS		
Trade receivables	168,674	229,801
Prepayments, deposits and other receivables	50,025	82,967
Pledged deposits	2,723	2,624
Cash and cash equivalents	203,455	238,147
Total current assets	424,877	553,539
CURRENT LIABILITIES		
Trade payables	31,891	15,515
Other payables and accruals	13,121	31,374
Interest-bearing bank and other borrowings	81,126	160,716
Income tax payable	8,990	12,187
Contract liabilities	8,640	14,852
Total current liabilities	143,768	234,644
NET CURRENT ASSETS	281,109	318,895

We had net current assets of RMB318.9 million as of December 31, 2018, which was primarily attributable to our cash and cash equivalents of RMB238.1 million and trade receivables of RMB229.8 million, partially offset by interest-bearing bank and other borrowings of RMB160.7 million.

Trade Receivables

Our net trade receivables increased from RMB168.7 million as of December 31, 2017 to RMB229.8 million as of December 31, 2018. Such increase in our net trade receivables was in line with the increase in our revenue as a result of continued business growth.

Our contracts entered into with our customers generally do not provide for specific credit terms. The following table sets forth an aging analysis of our trade receivables based on transaction date as of the dates indicated:

	As of December 31,	
	2017	**2018**
		(unaudited)
	(RMB in thousands)	
Within 90 days	157,954	180,312
91 to 365 days	11,450	38,847
1 to 2 years	797	17,796
2 to 3 years	1,155	19
Over 3 years	1,019	448
Total	172,375	237,422

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other assets increased from RMB50.0 million as of December 31, 2017 to RMB83.0 million as of December 31, 2018, primarily due to (i) an increase in listing expense from nil as of December 31, 2017 to RMB34.8 million as of December 31, 2018 as a result of our accrued professional fees in connection with the Listing, and (ii) an increase in insurance premium receivables from RMB24.3 million as of December 31, 2017 to RMB36.7 million as of December 31, 2018 generally in line with the growth of our insurance agency business. Such increases were partially offset by a decrease in entrusted loans from RMB20.0 million as of December 31, 2017 to nil as of December 31, 2018 as a result of our collection of all outstanding entrusted loans from relevant third parties during 2018.

Trade Payables

Our trade payables decreased from RMB31.9 million as of December 31, 2017 to RMB15.5 million as of December 31, 2018, respectively, as we voluntarily paid our external referral sources more frequently than usual as a gesture to encourage our external referral sources to refer more potential insurance policy purchasers to us.

The credit terms provided by our suppliers are generally less than three months. The following table sets forth an aging analysis of our trade payables based on transaction date as of the dates indicated:

	As of December 31,	
	2017	**2018**
		(unaudited)
	(RMB in thousands)	
Within 90 days	31,884	15,508
Over 90 days	7	7
Total	31,891	15,515

Other Payables and Accruals

Our other payables and accruals increased from RMB13.1 million as of December 31, 2017 to RMB31.4 million as of December 31, 2018, primarily due to (i) an increase in miscellaneous other payables and accruals from nil as of December 31, 2017 to RMB12.3 million as of December 31, 2018, which mainly related to accrued professional fees in relation to the Listing; and (ii) an increase in payroll and welfare payables from RMB2.1 million as of December 31, 2017 to RMB7.6 million as of December 31, 2018 mainly as a result of our increased headcounts.

Intangible Assets

Our intangible assets increased from RMB58.5 million as of December 31, 2017 to RMB93.0 million as of December 31, 2018, primarily as a result of the expanding use and significant investment in technologies in line with the growth in both of our business segments which were capitalized.

Indebtedness

Our total borrowings comprised of bank loans and borrowings from other sources. The following table sets forth our borrowings as of the dates indicated:

	As of December 31,	
	2017	**2018**
		(unaudited)
	(RMB in thousands)	
Current		
Bank loans — secured	81,000	160,600
Finance lease payables	126	116
Sub-total	81,126	160,716
Non-Current		
Finance lease payables	117	—
Sub-total	117	—
Total	81,243	160,716

Our total borrowings increased from RMB81.2 million as of December 31, 2017 to RMB160.7 million as of December 31, 2018, mainly due to our increased capital needs as a result of business expansion.

Key Financial Ratios

The following table sets forth our selected key financial ratios as of and for the periods indicated:

	As of/for the year ended December 31,	
	2017	**2018**
		(unaudited)
Gross profit margin(1)	17.9%	17.2%
Net profit margin(2)	9.5%	9.2%
Return on equity(3)	22.2%	30.7%
Return on assets(4)	15.6%	19.8%
Current ratio(5)	3.0x	2.4x
Gearing ratio(6)	23.3%	37.4%

Notes:

(1) Gross profit margin is calculated by dividing the gross profit with the revenue for the relevant year multiplied by 100%.

(2) Net profit margin is calculated by dividing the net profit with the revenue for the relevant year multiplied by 100%.

(3) Return on equity is calculated by dividing the net profit attributable to owners of our parent with the total equity attributable to owners of our parent as of the end of the relevant year multiplied by 100%.

(4) Return on assets is calculated by dividing the net profit attributable to owners of our parent with the total assets as of the end of the relevant year multiplied by 100%.

(5) Current ratio is calculated by dividing the current assets with the current liabilities as of the end of the relevant year.

(6) Gearing ratio is calculated by dividing the interest-bearing bank and other borrowings with the total equity as of the end of the relevant year multiplied by 100%.

Gross Profit Margin

Our gross profit margin decreased slightly from 17.9% in 2017 to 17.2% in 2018. For further details of the fluctuations in our gross profit margin during the in 2017 and 2018, see "— Management's Discussion and Analysis of Financial Condition and Operation Results — Analysis of Key Items of Results of Operations" in this appendix.

Net Profit Margin

Our net profit margin decreased slightly from 9.5% in 2017 to 9.2% in 2018. For further details of the fluctuations in our net profit margin during the in 2017 and 2018, see "— Management's Discussion and Analysis of Financial Condition and Operation Results — Analysis of Key Items of Results of Operations" in this appendix.

Return on Equity

Our return on equity increased from 22.2% in 2017 to 30.7% in 2018, primarily due to a larger increase in net profit attributable to owners of our parent than that in total equity attributable to owners of our parent in 2018 compared to 2017.

Return on Assets

Our return on assets increased from 15.6% in 2017 to 19.8% in 2018, primarily due to a larger increase in net profit attributable to owners of our parent than that in our Group's total assets in 2018 compared to 2017.

Current Ratio

Our current ratio decreased from 3.0 in 2017 to 2.4 in 2018, primarily due to a significant increase in our interest-bearing bank and other borrowings from RMB81.1 million as of December 31, 2017 to RMB160.7 million as of December 31, 2018, partially offset by (i) an increase in trade receivables from RMB168.7 million as of December 31, 2017 to RMB229.8 million as of December 31, 2018, and (ii) an increase in prepayments, deposits and other receivables from RMB50.0 million as of December 31, 2017 to RMB83.0 million as of December 31, 2018.

Gearing Ratio

Our gearing ratio increased from 23.3% in 2017 to 37.4% in 2018, primarily due to a significant increase in our interest-bearing bank and other borrowings from RMB81.1 million as of December 31, 2017 to RMB160.7 million as of December 31, 2018.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

See "Financial Information — Financial Risk Disclosure" in this prospectus for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2018, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules was not applicable to us during such period under review. After the Listing, we will comply with all the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The members of the audit committee have discussed with our management, and reviewed, the 2018 Preliminary Financial Information as set out in the appendix.

The figures in respect of our Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2018 as set out in the 2018 Preliminary Financial Information above have been agreed to by the Reporting Accountants following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcement of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, to the amounts set out in our Group's draft consolidated financial statements for the year. The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Reporting Accountants on the 2018 Preliminary Financial Information.

PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

Since we were not yet listed on the Stock Exchange in during the year ended December 31, 2018, this disclosure requirement is not applicable to us.

This appendix sets out summaries of certain aspects of the PRC legal and judicial system, its arbitration system and its company and securities law and regulations. It also contains a summary of certain Hong Kong law and regulations, including summaries of certain material differences between the PRC and Hong Kong company law, certain requirements of the Listing Rules and the summary of additional provisions required by the Stock Exchange for inclusion in the articles of association of the PRC issuers (as defined in the Listing Rules).

PRC LAWS AND REGULATIONS

The PRC Legal System

The PRC legal system is based on the *Constitution of the PRC* (中華人民共和國憲法) (the "**PRC Constitution**") and is made up of written laws, administrative regulations, local regulations, autonomy regulations, separate regulations, rules and regulations of the State Council departments, rules and regulations of local governments and international treaties of which the PRC Government is a signatory. Court judgments do not constitute legally binding precedents, although they may be used for the purposes of judicial reference and guidance.

Pursuant to the PRC Constitution and the *Legislation Law of the PRC* (中華人民共和國立法法), the NPC and the standing committee of the NPC (the "**Standing Committee**") are empowered to formulate and amend basic laws governing state organs, civil and criminal or other matters. The Standing Committee enacts and amends laws other than those that shall be formulated by the NPC, and during the period of adjournment of the NPC, the Standing Committee may partially supplement and amend the laws enacted by the NPC, provided such supplements and amendments are not in conflict with the basic principles of such laws. The Standing Committee is empowered to interpret, enact and amend other laws not required to be enacted by the NPC.

The State Council is the highest organ of the PRC administration and has the power to formulate administrative regulations based on the constitution and laws.

The people's congresses of provinces, autonomous regions and municipalities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of their own respective administrative areas, subject to the constitution, laws and administrative regulations. The people's congresses of larger cities and their respective standing committees may formulate local regulations based on the specific circumstances and actual requirements of such cities and take the same effect after submitting to the standing committee of the people's congresses of provinces or autonomous regions for approval. The standing committee of the people's congresses of provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval should be granted within four months if they are not in conflict with the constitution, laws, administrative regulations and local regulations of the province or autonomous region concerned. Where conflicts with the rules and regulations of the People's Government of the province or autonomous region concerned are identified in the examination of local regulations of larger cities by the standing committee of the people's congresses of provinces or autonomous regions, a decision should be made to deal with the matter. "**Larger cities**" refers to cities where the people's governments of provinces or autonomous regions are located, cities where special economic zones are located and larger cities as approved by the State Council.

The ministries, commissions, the PBOC, National Audit Office of the State Council and institutions with administrative functions directly under the State Council may formulate department rules within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council. Matters governed by the departmental rules and regulations should be those for the enforcement of the laws and administrative regulations, decisions and rulings of the State Council. The people's governments of provinces, autonomous regions, municipalities and larger cities may formulate rules based on the laws, administrative regulations and local regulations of such provinces, autonomous regions and municipalities.

Pursuant to the PRC Constitution, the power to interpret laws is vested in the Standing Committee. Pursuant to *the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws* (全國人民代表大會常務委員會關於加強法律解釋工作的決議) passed on June 10, 1981, the Supreme People's Court is empowered to provide general interpretation on questions involving the specific application of laws and decrees in court trials. The State Council and its ministries and commissions are also vested with the power to give interpretation of the administrative regulations and department rules which they have promulgated. At the regional level, the power to give interpretations of the local laws and regulations as well as administrative rules is vested in the regional legislative and administrative organs which promulgate such laws, regulations and rules.

The PRC Judicial System

Pursuant to the PRC Constitution and *the Law of Organization of the People's Courts of the PRC* (中華人民共和國人民法院組織法), the judicial system in the PRC is made up of the Supreme People's Court, the local people's courts, military courts and other special people's courts. The local people's courts are comprised of the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts are further organized into civil, criminal, economic and administrative divisions. The intermediate people's courts are organized into divisions similar to those of the basic people's courts, and are further organized into other special divisions, such as the intellectual property division.

The people's courts at lower levels are subject to supervision of the people's courts at higher levels. The higher level people's courts supervise the basic and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of people's courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all of the people's courts.

The people's courts adopt the "**second instance as final**" appellate system. A party may appeal against a judgment or order of the people's court of first instance to the people's court at the next higher level. Second judgments or orders given at the next higher level are final and legally binding. First judgments or orders of the Supreme People's Court are also final. Where the Supreme People's Court or a people's court at a higher level finds an error in a judgment or order which has been given in any people's court at a lower level, or the president of the people's court finds an error in a judgment or order, the case may then be retried in accordance with the judicial supervision procedures.

The *Civil Procedure Law of the PRC* (中華人民共和國民事訴訟法) (the "**Civil Procedure Law**") which was promulgated on April 9, 1991 and last amended on June 27, 2017 and took effect from June 27, 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by an express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the object of the action, and provided that the provisions of the Civil Procedure Law regarding jurisdiction by level and exclusive jurisdiction shall not be violated.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. Where a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. Where any party to a civil action refuses to comply with a judgment or order made by a people's court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the people's court to request for enforcement of the judgment, order or award. There are time limits imposed on the right to apply for such enforcement and the time limit is two years. Where a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

Where a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who's not located within the territory of the PRC or whose property is not within the PRC, such party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or where the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The PRC Company Law, Special Regulations, Mandatory Provisions and Memorandum of Understanding

The PRC Company Law was adopted by the Standing Committee of the Eighth NPC at its Fifth Session on December 29, 1993 and became effective on July 1, 1994. It was last amended on October 26, 2018 and came into effect on October 26, 2018.

The Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Shares by Joint Stock Limited Companies (the "**Special Provisions**") were adopted at the 22nd Standing Committee Meeting of the State Council on July 4, 1994. The Special Provisions was formulated according to Article 85 and Article 155 of the PRC Company Law and applies to the overseas share subscription and listing of joint stock limited companies.

The Mandatory Provisions were promulgated by the former Securities Commission of the State Council and the State Economic System Restructuring Commission on August 27, 1994, prescribing provisions which must be incorporated into the articles of association of joint stock limited companies to be listed overseas. Therefore, the Mandatory Provisions have been incorporated into the Articles of Association.

On April 21, 2018, the National Equities Exchange and Quotations Co., Ltd ("**NEEQ**") and the Stock Exchange signed the Memorandum of Understanding (《合作諒解備忘錄》), providing that the application of Issuance of shares and listing on the Stock Exchange by companies that are listed on the NEEQ shall conform to Special Provisions of the State Council Concerning Issuing and Listing of Shares Overseas by Joint Stock Limited Company (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and relevant rules of CSRC. No pre-examination or special conditions are set down by the National Equities Exchange and Quotations Co., Ltd.

General Provisions

A "joint stock limited company" ("**a company**") is a corporate legal person incorporated under the PRC Company Law, whose registered capital is divided into shares of equal par value. The liability of its shareholders is limited to the extent of the shares they hold, and the liability of the company is limited to the full amount of all the assets it owns.

A company must conduct its business in accordance with law and professional ethics. A company may invest in other limited liability companies and joint stock limited companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise provided by laws, a company cannot be the capital contributor who has the joint and several liabilities associated with the debts of the invested enterprises.

Incorporation

A company may be incorporated by promotion or public subscription. A company may be incorporated by two to 200 promoters, provided that at least half of the promoters must reside in the PRC. A company incorporated by promotion is one with registered capital entirely subscribed for by the promoters. Where a company is incorporated by public subscription, unless otherwise provided, the promoters are required to subscribe for not less than 35% of the total shares of the company, and the remaining shares can be offered to the public or specific persons.

The PRC Company Law provides that for companies incorporated by way of promotion, its registered capital shall be the total share capital subscribed by all of its promoters as recorded in the company registration authority. No shares shall be offered to any other person before the shares subscribed by the promoters are paid up. Where otherwise provided for in any other laws, administrative regulations and decisions of the State Council in respect of the actual paid-in registered capital and the minimum registered capital for joint stock limited companies, the provisions thereof shall prevail.

Pursuant to the Securities Law, the total capital of a company which proposes to apply for its shares to be listed on a stock exchange shall not be less than RMB30.0 million.

The promoters shall convene an establishment meeting within 30 days after the issued shares have been completely paid up, and shall give notice to all subscribers or make a public announcement of the date of the establishment meeting 15 days prior to the meeting. The establishment meeting may be convened only with the presence of shareholders holding shares representing more than 50% of the total issued shares of the company. Matters to be dealt with at the establishment meeting include adopting the draft articles of association proposed by the promoters and electing the board of directors and the board of supervisors of the company. Any resolution of the meeting shall be approved by subscribers with more than half of the voting rights of those present at the meeting.

Within 30 days after the conclusion of the establishment meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the company. A company is formally established and has the qualification of a legal person once the registration has been approved by the relevant administrative bureau for industry and commerce and a business license has been issued.

The promoters of a company shall individually and jointly be liable for: (i) the payment of all expenses and liabilities incurred in the incorporation process if the company cannot be incorporated; (ii) the repayment of subscription monies to the subscribers together with interest at bank rates for a deposit of the same term if the company cannot be incorporated; and (iii) damages suffered by the company as a result of the default of the promoters in the course of incorporation of the company.

According to *the Provisional Regulations Concerning the Issue and Trading of Shares* (股票發行與交易管理暫行條例) promulgated by the State Council on April 22, 1993 (which is only application to the issue and trading of shares in the PRC and relevant activities), if a company is incorporated by means of public subscription, the promoters of the company are required to assume joint liability for the accuracy of the contents of this document and to ensure that this document does not contain any misleading statement or omission of any material information.

Share capital

Where a joint stock limited company is established by way of promotion, the promoters shall fully subscribe in writing for the shares and pay the corresponding capital provided for in its articles of association. In the case of capital contributions made by means other than in cash, the promoters shall go through the relevant procedures for the transfer of property rights in accordance with the law.

There is no limit under the PRC Company Law as to the percentage of shares held by an individual shareholder in a company. If capital contribution is made other than in cash by the promoters of the company, valuation and verification of the properties contributed must be carried out and converted into shares.

A company may issue registered or bearer shares. However, shares issued to promoter(s) or legal person(s) shall be in the form of registered shares and shall be registered under the name(s) of such promoter(s) or legal person(s) and shall not be registered under a different name or the name of a representative.

The Special Regulations and the Mandatory Provisions provide that shares issued to foreign investors and listed overseas shall be issued in registered form and shall be denominated in Renminbi and subscribed for in foreign currency.

Pursuant to the Special Regulations and the Mandatory Provisions, overseas listed shares issued to foreign investors and investors from Hong Kong, Macau and Taiwan are defined as overseas-listed-foreign-invested shares, and those issued to investors within the PRC other than the aforementioned areas are defined as domestic shares. Qualified foreign institutional investors approved by CSRC may hold domestic listed shares.

A company may offer its shares to the public overseas with approval by the securities administration department of the State Council. Detailed measures shall be specified by the State Council based on the Special Regulations. According to the Special Regulations, upon the approval of CSRC, a company may agree, in the underwriting agreement on issuing overseas-listed-foreign-invested shares, to retain not more than 15% of the aggregate amount of underwritten shares. The share offering price may be equal to or in excess of par value, but shall not be less than par value. The transfer of shares by shareholders shall be conducted in legally established stock exchanges or via other methods as stipulated by the State Council.

The transfer of registered shares by a shareholder must be conducted by means of an endorsement or by other means stipulated by laws or by administrative regulations. Bearer shares are transferred by delivery of the H share certificates to the transferee.

No modification registration shall be made to the registrar of shareholders within 30 days prior to the shareholders' meeting being held or within five days prior to the benchmark date set for the purpose of distribution of dividends.

Increase in capital

Pursuant to the PRC Company Law, an increase in the capital of a company by means of an issue of new shares must be approved by shareholders at the general meeting. Except for above-mentioned conditions of obtaining approval at the general meeting required by the PRC Company Law, the Securities Law requires the following conditions for a company to offer new shares to the public: (i) a complete and well-operated organization; (ii) capability of making profits continuously and a healthy financial status; (iii) no false records or significant irregularities in its financial statements over the last three years; and (iv) fulfill any other requirements as prescribed by the securities administration authority of the State Council as approved by the State Council.

The public offer requires the approval of the securities administration authority of the State Council. After payment in full for the new shares issued, a company must modify its registration with the relevant administrative bureau for industry and commerce and issue a public notice accordingly.

Reduction of share capital

Subject to the minimum registered capital requirement, a company may reduce its registered capital in accordance with the following procedures stipulated by the PRC Company Law:

(a) the company shall prepare a balance sheet and an inventory of assets;

(b) the reduction of registered capital must be approved by shareholders in the general meeting;

(c) the company shall inform its creditors of the reduction in capital within ten days and publish an announcement of the reduction in newspapers within 30 days once the resolution approving the reduction in capital being passed;

(d) creditors of the company may require the company to clear its debts or provide guarantees covering the debts within the statutory time limit; and

(e) the company must apply to the relevant administrative bureau for industry and commerce for registration of the reduction in registered capital.

Repurchase of shares

A company may not purchase its own shares other than for one of the following purposes:

(a) to reduce its registered capital;

(b) merging with other companies holding shares of the Company;

(c) to grant shares as a reward to the staff of the company;

(d) to purchase the company's own shares upon request of its shareholders who vote against the resolution regarding the merger or division of the company in a general meeting;

(e) in use of transferring convertible bonds into shares;

(f) to maintain the company's value and protect shareholders' interests; or

(g) other purposes permitted by laws and administrative regulations.

The shares repurchased by the company as a reward to its staff shall not exceed 10% of the total number of its issued shares. Any fund for the repurchase shall be paid out of after-tax profits of the company, and the shares repurchased shall be transferred to the staff of the company within one year. The Mandatory Provisions stipulate that upon obtaining approvals from relevant supervisory authorities in accordance with the articles of association of the company, a company may, for the aforementioned purposes, repurchase its issued shares by way of a general offer to its shareholders or purchase on a stock exchange or through outside-market contract.

Transfer of shares

Shares may be transferred in accordance with the relevant laws and regulations. A shareholder shall transfer his/her shares in stock exchanges established pursuant to laws or by other means as stipulated by the State Council. Registered shares may be transferred by endorsement or in any other manner specified in applicable laws and regulations.

Shares held by the promoter(s) of a company shall not be transferred within one (1) year from the date of incorporation of the company. Shares issued by a company prior to the public offer of its shares shall not be transferred within one (1) year from the date of its shares being listed on a stock exchange. Directors, Supervisors and senior management personnel of the company shall not transfer over 25% of the total shares they hold in the company each year during their term of office, and shall not transfer any share of the company held by each of them within one year from the Listing Date.

Shareholders

Pursuant to the PRC Company Law and the Mandatory Provisions, a shareholder's rights include:

(a) the right to transfer his/her shares in accordance with applicable laws and regulations as well as the articles of association;

(b) the right to attend in person or appoint a representative to attend the shareholders' general meeting and to vote in respect of the amount of shares held;

(c) the right to inspect the company's articles of association, shareholders' registers, records of short-term debentures, minutes of shareholders' general meeting, board resolutions, supervisor resolutions and financial accounting reports, and to put forward proposals or raise questions on the business operations of the company;

(d) where a resolution approved by the shareholders' general meeting or by the board of directors violates any law or regulation, or infringes on the shareholders' lawful rights and interests, the right to institute an action in a people's court demanding that the illegal infringing action be stopped;

(e) the right to obtain surplus assets of the company upon its termination in proportion to shares he/she holds; to claim against other shareholders who abuse their rights of shareholders for the damages;

(f) the right to receive dividends based on the number of shares held; and

(g) any other shareholders' rights specified in the articles of association.

The obligations of shareholders include:

(a) to comply with the articles of association of the company;

(b) to pay the subscription monies in respect of shares subscribed for;

(c) be liable for debts and liabilities of the company to the extent of the amount of subscription monies agreed to be paid in respect of the shares taken up;

(d) no abuse of shareholders' rights to damage the interests of the company or other shareholders of the company; no abuse of the independent status of the company as a legal person and its limited liability companies as to damage the interests of the creditors of the company; and

(e) any other obligation specified in the articles of association of the company.

Shareholders' general meeting

The shareholders' general meeting is the organ of authority of a company, which exercises its functions and powers in accordance with the PRC Company Law. The shareholders' general meeting exercises the following functions and powers:

(a) to decide on operational policies and investment plans of the company;

(b) to elect or remove the directors and supervisors who are not representatives of the employees;

(c) to decide on matters relevant to remuneration of directors and supervisors;

(d) to review and approve reports of the board of directors;

(e) to review and approve reports of the board of supervisors or the supervisors;

(f) to review and approve annual financial budgets and financial accounts proposed by the company;

(g) to review and approve proposals for profit distribution and for recovery of losses of the company;

(h) to decide on increase and reduction of the registered capital of the company;

(i) to decide on bond issuances of the company;

(j) to decide on merger, division, dissolution and liquidation of the company and other issues;

(k) to amend the articles of association of the company; and

(l) other functions and powers specified in the articles of association of the company.

The annual shareholders' general meeting must be convened once a year. An extraordinary shareholders' general meeting shall be held within two months upon the occurrence of any of the following circumstances:

(a) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number specified in the articles of association of the company;

(b) the losses of the company which are not made up reach one-third of the total paid-up share capital of the company;

(c) as requested by a shareholder holding, or shareholders holding in aggregate, 10% or more of the shares of the company;

(d) when deemed necessary by the board of directors;

(e) as suggested by the board of supervisors; or

(f) other matters required by the articles of association.

The shareholders' general meeting shall be convened by the board of directors and shall be presided over by the chairman of the board of directors. The notice to convene the shareholders' general meeting shall be despatched to all the shareholders 20 days prior to the general meeting pursuant to the PRC Company Law, and 45 days prior to the general meeting pursuant to the Special Regulations and the Mandatory Provisions, stating the matters to be reviewed at the general meeting. Under the Special Regulations and the Mandatory Provisions, shareholders intending to attend are required to send written confirmations of their attendance to the company 20 days before the general meeting.

According to the Special Regulations, at the annual shareholders' general meeting of the company, shareholders with 5% or more of the voting rights in the company are entitled to propose to the company in writing new resolutions to be reviewed at the general meeting, which if within the functions and powers of the shareholders' general meeting, are required to be added to the agenda of the general meeting. Shareholders present at the shareholders' general meeting possess one vote for each share they hold. However, the company shall have no vote for any of its own shares the company holds. Resolutions proposed at the shareholders' general meeting shall be approved by more than half of the voting rights cast by shareholders present in person (including those represented by proxies) at the general meeting, except that such resolutions as merger, division or reduction of registered capital, the issue of bonds or short-term debentures, the change in the form of the company or the amendment to the articles of association, shall be approved by shareholders with more than two-thirds of the voting rights cast by shareholders present (including those represented by proxies) at the general meeting.

A shareholder may entrust a proxy to attend a shareholders' general meeting. The proxy shall present a power of attorney issued by the shareholder to the company and shall exercise his voting rights within the authorization scope. There is no specific provisions in the PRC Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting, although the Special Regulations and the Mandatory Provisions provide that a company's annual general meeting may be convened when replies to the notice of that meeting from shareholders holding shares representing 50% of the voting rights in the company have been received 20 days before the proposed date, or where the 50% level is not achieved, the company shall within five days of the last day for receipt of the replies notify shareholders again by public announcement of the matters to be considered at the meeting and the date and place of the meeting, and the annual general meeting may be held thereafter. The Mandatory Provisions require class meetings to be held in the event of a variation or derogation of the class rights of a class.

Holders of domestic invested shares and holders of overseas-listed-foreign-invested shares are deemed to be different classes of shareholders for this purpose.

Directors

A company shall have a board of directors, which shall consist of five to nineteen members. The term of office of the directors shall be provided for by the articles of association, but each term of office shall not exceed three years. The directors may hold consecutive terms upon re-election.

Meetings of the board of directors shall be convened at least twice a year. A notice of meeting shall be given to all directors and supervisors at least 10 days before the meeting.

Under the PRC Company Law, the board of directors exercises the following functions and powers:

(a) to convene the shareholders' general meeting and report on its work to the shareholders;

(b) to implement the resolution of the shareholders' general meeting;

(c) to decide on the company's business plans and investment plans;

(d) to formulate the company's proposed annual financial budget and final accounts;

(e) to formulate the company's proposals for profit distribution and for recovery of losses;

(f) to formulate proposals for the increase or reduction of the company's registered capital and the issue of corporate bonds;

(g) to prepare plans for the merger, division or dissolution of the company;

(h) to decide on the company's internal management structure;

(i) to appoint or dismiss the company's general manager, and based on the general manager's recommendation, to appoint or dismiss deputy general managers and financial officers of the company and to decide on their remuneration;

(j) to formulate the company's basic management system; and

(k) other functions and powers as specified in the articles of association.

In addition, the Mandatory Provisions provide that the board of directors is also responsible for formulating the proposals for amendment of the articles of association of a company.

Meetings of the board of directors could be held only if more than half of the directors are present. Resolutions of the board of directors require the approval of more than half of all directors. Where a director is unable to attend a board meeting, he may appoint another director by a written power of attorney specifying the scope of the authorization for another director to attend the meeting on his behalf.

Where a resolution of the board of directors violates the laws, administrative regulations or the company's articles of association as a result of which the company sustains serious losses, the directors participating in the resolution are liable to compensate the company. However, where it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objections were recorded in the minutes of the meeting, such director may be relieved of that liability.

Under the PRC Company Law, the following persons may not act as a director of a company:

(a) persons without capacity or restricted capacity to undertake civil liabilities;

(b) persons who have committed the offense of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and have been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or persons who have been deprived of their political rights due to criminal offense, where less than five years have elapsed since the date of the completion of implementation of this deprivation;

(c) persons who are former directors, factory managers or managers of a company or enterprise that has been bankrupt and has been liquidated due to mismanagement, and those persons are personally liable for the bankruptcy of such company or enterprise, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;

(d) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, and less than three years have elapsed since the date of the revocation of the business license; or

(e) persons who have a relatively large amount of debt due and outstanding; or other circumstances under which a person is disqualified from acting as a director of a company are set out in the Mandatory Provisions (which have been incorporated in the Articles of Association, a summary of which is set out in Appendix VI).

The board of directors shall appoint a chairman, who is elected with approval of more than half of all the directors. The chairman of the board of directors exercises the following functions and powers (including but not limited to):

(a) to preside over shareholders' general meetings and convene and preside over meetings of the board of directors; and

(b) to check on the implementation of the resolutions of the board of directors.

The legal representative of a company, in accordance with the company's articles of association, may be the chairman, any executive director or the manager. The Special Regulations provide that a company's directors, supervisors, managers and other officers bear fiduciary duties and the duty to act diligently. They are required to faithfully perform their duties, protect the interests of the company and not to use their positions for their own benefit. The Mandatory Provisions (which have been incorporated into the Articles of Association, a summary of which is set out in Appendix VI) and contains further elaborations of such duties.

Supervisors

A joint stock limited company shall establish a board of supervisors comprised of no less than three members. The board of supervisors shall include shareholders' representatives and an appropriate proportion of employee representatives. The proportion of employee representatives shall be specified in the articles of association but in any event shall account for no less than one-third of the supervisors appointed. Employee representatives who serve as members of the board of supervisors shall be democratically elected through the employee representatives' assembly, the employees' assembly or in any other way.

No director or senior management of a company may concurrently act as one of its supervisors.

The Board of Supervisors exercises the following functions and powers:

(a) to check the financial affairs of the company;

(b) to supervise the directors and senior management in the performance of their duties, and to put forward proposals on the removal of any director or senior manager who violates laws, administrative regulations, the articles of association or any resolution of the shareholders' meeting;

(c) to require the director or senior manager to make corrections if his act is detrimental to the interests of the company;

(d) to propose the convening of extraordinary shareholders' general meetings, and to convene and preside over shareholders' meetings when the board of directors fails to exercise the function of convening and presiding over shareholders' meetings;

(e) to put forward proposals at shareholders' general meetings;

(f) to initiate actions against directors or senior management; and

(g) other functions and duties as provided for by the articles of association.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to supervisors of a company.

Managers and senior management

A company shall have a manager who shall be appointed or removed by the board of directors. The manager reports to the board of directors and may exercise the following powers:

(a) manage the production, operation and management of the company and arrange for the implementation of resolutions of the board of directors;

(b) arrange for the implementation of the company's annual business and investment plans;

(c) formulate plans for the establishment of the company's internal management structure;

(d) formulate the basic administration system of the company;

(e) formulate the company's internal rules;

(f) recommend the appointment and dismissal of deputy managers and any financial officer and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by the board of directors);

(g) attend board meetings as a non-voting attendant; and

(h) other powers conferred by the board of directors or the company's articles of association.

Pursuant to the PRC Company Law, other senior management personnel of a company include the financial officers, secretary of the board of directors and other executives as specified in the articles of association of the company.

The circumstances under which a person is disqualified from being a director of a company described above apply mutatis mutandis to managers and officers of the company. The articles of association of a company shall have binding effect on the shareholders, directors, supervisors, managers and other senior management of the company. Such persons shall be entitled to exercise their rights, apply for arbitration and issue legal proceedings according to the articles of association of the company.

Duties of directors, supervisors, managers and senior officers

Directors, supervisors, managers and other senior officers of a company are required under the PRC Company Law to abide by the relevant laws, regulations and the company's articles of association, to carry out their duties honestly and protect the interests of the company. Each director, supervisor, manager and senior officer of a company is also under a duty of confidentiality to the company and is prohibited from divulging secret information of the company unless permitted by the relevant laws and regulations or by the shareholders.

Any directors, supervisors, managers and other senior officers who contravenes any laws, regulations or the company's articles of association in the performance of his duties which results in any loss to the company shall be personally liable to the company.

The Special Regulations and the Mandatory Provisions provide that a director, supervisor, manager and other senior officers of a company owe fiduciary duties to the company and are required to perform their duties faithfully and to protect the interests of the company and not to make use of their positions in the company for their own benefit.

No director or senior management may:

(a) misappropriate company funds;

(b) divert company funds into an account held in his own name or in the name of any other individual;

(c) loan company funds or provide any guaranty to any other person by using company property in violation of the articles of association without first obtaining the consent of the board of shareholders, the general meeting of shareholders or the board of directors;

(d) become a party to any contract or business dealings with the company in violation of the articles of association without first obtaining the consent of the board of shareholders or the general meeting of shareholders;

(e) seek business opportunities for himself or for any other person by taking advantage of his position, or operate on his own behalf or on behalf of any other person any business similar in nature to that of the company, without first obtaining the consent of the board of shareholders or the general meeting of shareholders;

(f) personally accept any commission on any transaction to which the company is a party;

(g) unlawfully disclose confidential company information; or

(h) act in any way that is inconsistent with his duty of fidelity to the company. Any income received by any director or senior management in violation of the articles of association shall be treated as the property of the company.

Finance and accounting

A company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the regulations of the responsible financial department of the State Council. A company shall prepare a financial report which shall be audited and verified as provided by law at the end of each fiscal year.

A company shall make available its financial statements at the company for the inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. A company established by the public subscription method must publish its financial statements.

When distributing each year's after-tax profits, the company shall set aside 10% of its after-tax profits for the company's statutory common reserve (except where such reserve has reached 50% of the company's registered capital). After a company has made an allocation to its statutory common reserve from its after-tax profit, subject to a resolution of the shareholders' meeting or the shareholders' general meeting, the company may make an allocation to a discretionary common reserve from the after-tax profits. If the aggregate balance of the company's statutory surplus reserve is not enough to make up for the losses of the company of the previous year, the current year's profits shall first be used for making good the losses before the statutory surplus reserve is set aside according to the provisions of the preceding paragraph.

After the losses have been made up and statutory surplus reserves have been set aside, the remaining profits shall be distributed to shareholders in proportion to the number of shares held by shareholders as in the case of a joint stock limited company, except as otherwise provided in the articles of association.

The capital common reserve of a joint stock limited company is made up of the premium over the nominal value of the shares of the company on issue, and other amounts required by the financial department of the State Council to be treated the capital reserve.

A company's common reserves shall be used to cover losses made in past years, to enhance the company's productivity and expand its business or to increase its registered capital; however a company's capital reserve shall not be used to cover the company's losses. Where the statutory common reserve is converted into capital, the value of the remaining common reserve shall be no less than 25% of the company's registered capital prior to the conversion.

Appointment and retirement of auditors

The Special Regulations require a company to engage an independent qualified accounting firm to audit the company's annual reports and to review and check other financial reports of the company.

Any proposed appointment or dismissal of an accounting firm as the company's auditor shall be subject to a resolution of the board of shareholders, the general meeting of shareholders or of the board of directors in accordance with the provisions of the articles of association.

Any shareholders' meeting, general meeting of shareholders or board of directors that votes to dismiss any accounting firm as its auditor shall allow the accounting firm to express its own opinions.

A company shall provide the accounting firm appointed as its auditor with accurate and complete accounting books and records, financial and accounting statements, and other accounting documents, and may not refuse to do so or conceal any such accounting records or make any false statement to its auditor.

Profit distribution

The Special Regulations provide that the dividends and other distributions to be paid to holders of overseas-listed-foreign-invested shares shall be declared and calculated in Renminbi and paid in foreign currency. Under the Mandatory Provisions, the payment of foreign currency to shareholders shall be made through a receiving agent.

Amendments to articles of association

Any amendments to the company's articles of association must be made in accordance with the procedures set forth in the company's articles of association. Any amendment of provisions incorporated in the articles of association in connection with the Mandatory Provisions will only be effective after approval by the companies' approval department of the State Council and CSRC. In relation to matters involving the company's registration, the company shall modify its registration with the companies' registration authority.

Dissolution and liquidation

Where any company encounters serious difficulties in its operations or management that will lead to significant losses to the benefits of the shareholder if the company continues its existence and the situation cannot be resolved by any other means, shareholders representing 10% or more of the voting rights of all shareholders may petition the people's court to dissolve the company.

Pursuant to the PRC Company Law, a company may be dissolved where:

(a) its term of business operation as prescribed in the articles of association expires or any cause of dissolution as prescribed in the articles of association of the company occurs;

(b) the board of shareholders or the general meeting resolves to dissolve the company;

(c) dissolution of the company is necessary due to any merger or demerger to which the company is a party;

(d) its business license is revoked or it is ordered to close down or be dissolved in accordance with the law; or

(e) in the event that the company encounters substantial difficulties in its operation and management and its continuance shall cause a significant loss, in the interest of shareholders, and where this cannot be resolved through other means, shareholders who hold more than 10% of the total shareholders' voting rights of the company may present a petition to the people's court for the dissolution of the company.

Where the company is dissolved in the circumstances described in (a), (b), (d) and (e) above, a liquidation committee must be formed within 15 days from the date of dissolution. Members of the liquidation committee shall be appointed by the shareholders in the general meeting.

If a liquidation committee is not established within the stipulated period, the company's creditors can apply to the people's court for its establishment. A liquidation committee shall, within ten days of its formation, notify the company's creditors of its formation, and shall make a public announcement in a newspaper on the formation of a liquidation committee within 60 days of its formation. Any creditor shall, within 30 days of receipt of a notice or within 45 days of the public announcement in the event that the relevant creditor does not receive a notice, make a claim to the liquidation committee on the debt owed to it/him.

The liquidation committee shall exercise the following functions and powers during the liquidation period:

(a) handle the company's assets and to prepare a balance sheet and an inventory of the assets;

(b) notify creditors or issue public notices;

(c) deal with and settle any outstanding business of the company;

(d) pay any tax overdue;

(e) settle the company's financial claims and liabilities;

(f) handle the surplus assets of the company after its debts have been paid off; and

(g) represent the company in civil lawsuits.

Where the company's assets are sufficient to meet its liabilities, they shall be applied towards the payment of the liquidation expenses, wages owed to the employees and labor insurance expenses, tax overdue and debts of the company. Any surplus assets shall be distributed to the Shareholders of the company in proportion to the number of Shares held by them.

A company shall not engage in operating activities unrelated to the liquidation. If the liquidation committee becomes aware that the company does not have sufficient assets to meet its liabilities, it must immediately apply to the people's court for a declaration for bankruptcy. Following such declaration, the liquidation committee shall hand over all affairs of the liquidation to the people's court.

Upon completion of the liquidation, the liquidation committee shall submit a liquidation report to the shareholders' general meeting or the relevant supervisory department for verification. Thereafter, the report shall be submitted to the company registration authority in order to cancel the company's registration, and a public notice of its termination shall be issued.

Members of the liquidation committee are required to discharge their duties honestly and in compliance with relevant laws. A member of the liquidation committee is liable to indemnify the company and its creditors with respect to any loss arising from his willful or material default.

Overseas listing

The shares of a company shall only be listed overseas after obtaining approval from the CSRC and the listing must be arranged in accordance with the procedures specified by the State Council.

Loss of H share certificates

A shareholder may apply, in accordance with the relevant provision set out in the Civil Procedure Law, to a people's court in the event that H share certificates in registered form are either stolen or lost, for a declaration that such certificates will no longer be valid. After such a declaration has been obtained, the shareholder may apply to the company for the issue of replacement certificates.

The Mandatory Provisions provide for a separate procedure regarding loss of H share certificates.

Suspension and termination of listing

Pursuant to the Securities Law, in any of the following circumstances, the relevant stock exchange shall decide to suspend the listing of the relevant stock:

(a) the market capitalization or share ownership structure of the company changes, thus causing the company to breach the listing requirements;

(b) the company fails to make public its financial status as required, or includes any false record in its financial and accounting reports, which may mislead investors;

(c) the company commits any major illegal activity;

(d) the company has been operating at a loss for the last three consecutive years; or

(e) any other circumstances prescribed in the Listing Rules.

In any of the following circumstances, the relevant stock exchange shall decide to terminate the listing of the relevant stock:

(a) the market capitalization or share ownership structure of the company changes, thus causing the company to breach listing requirements, and the company subsequently fails to meet listing requirements within the period of time prescribed by the stock exchange;

(b) the company fails to make public its financial status as required, or includes any false record in its financial and accounting reports, and refuses to take any remedial steps;

(c) the company has been operating at a loss for the last three consecutive years and fails to make a profit in the following year;

(d) the company is dissolved or declared bankrupt; and

(e) any other circumstances prescribed in the Listing Rules.

Merger and demerger

Companies may merge through merger by absorption or through the establishment of a newly merged entity. Where it merges by absorption, the company which is absorbed shall be dissolved. Where it merges by forming a new corporation, both companies will be dissolved.

Securities Law and Regulations and Regulatory Regimes

Since 1992, the PRC has promulgated a number of regulations in relation to the issue and trading of shares and disclosure of information. In October 1992, the Securities Commission and the CSRC were established under the State Council. The Securities Commission is responsible for coordinating the drafting of relevant laws and regulations on securities, formulating policies on securities affairs, planning the development of securities markets and guiding, coordinating and regulating all PRC institutions involved in securities affairs and supervising the CSRC. The CSRC is the regulatory and execution arm of the Securities Commission and is responsible for drafting regulations governing the securities market, supervising securities companies, regulating the domestic and overseas public issue of securities by PRC companies, supervising securities trading, compiling securities related statistics and conducted research and analysis.

On December 25, 1995, the State Council promulgated *the Regulations of the State Council Concerning Domestic Listed Foreign Shares of Joint Stock Limited Liability Companies* (國務院關於股份有限公司境內上市外資股的規定). These regulations deal mainly with the issue, subscription, trading, declaration of dividends and other distributions of domestic listed foreign shares and the disclosure of information of joint stock limited liability companies having domestic listed foreign shares.

On December 29, 1998, the Standing Committee promulgated the Securities Law which came into effect on July 1, 1999. This is the first national securities law in the PRC and is the fundamental law comprehensively regulating activities in the PRC securities market. On August 28, 2004, October 27, 2005, June 29, 2013 and August 31, 2014, the Securities Law was respectively revised four times. The Securities Law is applicable to the issuance and trading of shares in the PRC, company bonds and other securities designated by the State Council according to law, and provisions of the issuance and transaction of securities, acquisitions of listed companies, stock exchanges, security companies and the duties and responsibilities of securities regulatory authority under the State Council.

Where the Securities Law does not apply, the provisions of the PRC Company Law and other applicable laws and administrative regulations will apply.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the People's Republic of China (中華人民共和國仲裁法) (the "**Arbitration Law**") was promulgated by the Standing Committee on August 31, 1994 and became effective on September 1, 1995, and was amended on September 1, 2017. It is applicable to, among other matters, economic disputes involving foreign parties where all parties have entered into a written agreement to settle disputes by arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Where parties have by agreement stipulated arbitration as the method for dispute settlement, the people's court shall refuse to handle the proceeding.

The Listing Rules and the Mandatory Provisions require an arbitration clause to be included in the articles of association of a company listed in Hong Kong and, in the case of the Listing Rules, in a contract between the company and each director or supervisor. Pursuant to such clause, whenever a dispute or claim arises from any right or obligation provided in the articles of association, the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the company between: (i) a holder of overseas listed foreign shares and the company; (ii) a holder of overseas listed foreign shares and a holder of domestic shares; or (iii) a holder of H shares and the company's directors, supervisors or other management personnel, such parties shall be required to refer such dispute or claim to arbitration at either the China International Economic and Trade Arbitration Commission ("**CIETAC**") or the Kong International Arbitration Center ("**HKIAC**"). If the party seeking arbitration elects to arbitrate the dispute or claim at the HKIAC, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of HKIAC.

Pursuant to the Arbitration Law, an arbitral award shall be final and binding on the parties involved in the arbitration proceeding. Where any party fails to company with the award, the other party may apply to the people's court for enforcement. A people's court may refuse to enforce an arbitral award made by an arbitration commission if there's any procedural irregularity (including irregularity in the composition of the arbitration committee, the jurisdiction of the arbitration commission, or the making of an award on matters beyond the scope of the arbitration agreement).

A party seeking to enforce an arbitral award by a PRC arbitration panel against a party who, or whose property, is not within the territory of PRC, may apply to a foreign court with jurisdiction over the case for enforcement, Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the PRC courts pursuant to the principles of the reciprocity or any international treaty concluded or acceded to by the PRC.

The PRC acceded to *the Convention on the Recognition and Enforcement of Foreign Arbitral Awards* (承認和執行外國仲裁裁決公約) (the "**New York Convention**") adopted on June 10, 1958 pursuant to a resolution of the Standing Committee passed on December 2, 1986. The New York Convention provides that all arbitral awards made in a state which is a party to the New York Convention shall be recognized and enforced by other parties thereto subject to their rights to refuse enforcement under certain circumstances, including where the enforcement of the arbitral award is against the public policy of that state. At the time of the PRC's accession to the New York Convention, the Standing Committee declared that:

(a) the PRC will only recognize and enforce foreign arbitral awards based on the principle of reciprocity; and

(b) the PRC will only apply the New York Convention to disputes deemed under PRC laws to be arising from contractual or non-contractual mercantile legal relations.

An arrangement for reciprocal enforcement of arbitral awards between Hong Kong and the PRC was signed on June 18, 1999, approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council and became effective on February 1, 2000. The arrangement reflects the spirit of the New York Convention, allowing awards made by PRC arbitral authorities to be enforced in Hong Kong and awards by Hong Kong arbitral authorities to be enforced in the PRC.

HONG KONG LAWS AND REGULATIONS

Summary of Material Differences Between Certain PRC Company Law Matters in the PRC and Hong Kong

The Hong Kong law applicable to a company incorporated in Hong Kong is based on the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance and supplemented by common law and rules of equity that apply to Hong Kong. The Company, which is a joint stock limited company established in the PRC, is governed by the PRC Company Law and all other rules and regulations promulgated pursuant to the PRC Company Law.

Set out below is a summary of the material differences between the Hong Kong law applicable to a company incorporated in Hong Kong and the PRC Company Law applicable to a joint stock limited company incorporated and existing under the PRC Company Law. This summary is, however, not intended to be an exhaustive comparison.

Corporate existence

Under Hong Kong law, a company having share capital, is incorporated and will acquire an independent corporate existing after the Companies Registry of Hong Kong issuing a certificate of incorporation. A company may be incorporated as a public company or a private company. Pursuant to the Companies Ordinance, the articles of association of a private company incorporated in Hong Kong shall contain certain pre-emptive provisions. A public company's articles of association do not contain such pre-emptive provisions.

Under the PRC Company Law, a company may be incorporated by promotion or public subscription. Unless otherwise required by laws and regulations, there is no minimum registered capital for a company. Hong Kong law does not prescribe any minimum capital requirement for a Hong Kong company.

Share capital

Under Hong Kong law, the shares of a Hong Kong company have no nominal value and the directors may, with the prior approval of the shareholders if required, cause the company to issue new shares up to the maximum number (if any) set out in its articles of association. The PRC Company Law does not provide for authorized share capital. The registered capital of a joint stock limited company is the amount of the issued share capital. Any increase in registered capital must be approved by the shareholders in a general meeting and by the relevant PRC governmental and regulatory authorities.

Under the Securities Law, a company which is authorized by the relevant securities administration authority to list its shares on a stock exchange must have a registered capital of not less than RMB30.0 million. Hong Kong law does not prescribe any minimum capital requirements for companies incorporated in Hong Kong.

Under the PRC Company Law, the shares may be subscribed for in the form of money or non-monetary assets (other than assets not entitled to be used as capital contributions under relevant laws and administrative regulations). For non-monetary assets to be used as capital contributions, appraisals and verification must be carried out to ensure no overvaluation or under-valuation of the assets. There is no such restriction on a Hong Kong company under Hong Kong law.

Restrictions on shareholding and transfer of shares

Under PRC laws, the domestic shares ("**domestic shares**") in the share capital of a joint stock limited company which are denominated and subscribed for in Renminbi may only be subscribed or traded by the State, PRC legal and natural persons. The overseas listed foreign shares ("**foreign shares**") issued by a joint stock limited company which are denominated in Renminbi and subscribed for in a currency other than Renminbi, may only be subscribed for, and traded by, investors from Hong Kong, Macau and Taiwan or any country and territory outside the PRC, or qualified domestic institutional investors, except as allowed under *Tentative Regulatory Measures for Qualified Domestic Institutional Investors Investing in Overseas Securities* (合格境內機構投資者境外證券投資管理試行辦法).

Under the PRC Company Law, shares in a joint stock limited company held by its promoters cannot be transferred within one year after the date of establishment of the company. Shares in issue prior to the company's public offering cannot be transferred within one year from the listing date of the shares on the Stock Exchange. Shares in a joint stock limited company held by its directors, supervisors and managers and transferred each year during their term of office shall not exceed 25% of the total shares they held in the company, and the shares they held in the company cannot be transferred within one year from the listing date of the shares, and also cannot be transferred within half a year after the said personnel have left office. The articles of association may set other restrictive requirements on the transfer of the company's shares held by its directors, supervisors and officers. There are no such restrictions on shareholdings and transfers of shares under Hong Kong law except for the lock-up on the Company's issue of shares and the Controlling Shareholders' disposal of shares as described in "Underwriting."

Financial assistance for acquisition of shares

Although the PRC Company Law does not contain any provision prohibiting or restricting a joint stock limited company or its subsidiaries from providing financial assistance for the purpose of an acquisition of its own or its holding company's shares, the Mandatory Provisions contain certain restrictions on a company and its subsidiaries providing such financial assistance similar to those under Hong Kong company law.

Variation of class rights

The PRC Company Law makes no specific provision relating to variation of class rights. However, the PRC Company Law states that the State Council can promulgate regulations relating to other kinds of shares. The Mandatory Provisions contain elaborate provisions relating to the circumstances which are deemed to be variations of class rights and the approval procedures required to be followed regarding variations of class rights. These provisions have been incorporated in the Articles of Association, which are summarized in Appendix VI to this document.

Under the Companies Ordinance, no rights attached to any class of shares can be varied except: (i) with the approval of a special resolution of the holders of the relevant class at a separate meeting; (ii) with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question; (iii) by agreement of all the members of a Hong Kong company; or (iv) if there are provisions in the articles of association relating to the variation of those rights, then in accordance with those provisions. The Company (as required by the Listing Rules and the Mandatory Provisions) has adopted in the Articles of Association provisions protecting class rights in a similar manner to those found in Hong Kong law. Holders of overseas listed foreign invested shares and domestic shares are defined in the Articles of Association as different classes of shareholders, provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances: (i) the Company issues domestic shares and listed foreign invested shares, separately or simultaneously, once every 12-month period, pursuant to a Shareholders' special resolution, not more than 20% of each of the issued domestic shares and issued overseas listed foreign invested shares existing as of the date of the Shareholders' special resolution; (ii) the plan for the issue of domestic shares and listed foreign invested shares upon its establishment is implemented within 15 months following the date of approval by the CSRC; and (iii) upon approval by CSRC, the shareholders of Domestic Shares of the Company transfer their shares to overseas investors and such shares are listed and traded in foreign markets.

Directors

The PRC Company Law, unlike Hong Kong company law, does not contain any requirements relating to the declaration made by directors of the interests in material contracts; restrictions on directors' authority in making major dispositions; restrictions on companies providing certain benefits, prohibitions against compensation for loss of office without shareholders' approval. The PRC Company Law provides restrictions on interested directors voting on the resolution at a meeting of the board of directors when such resolution relates to an enterprise which the director is interested or connected. The Mandatory Provisions, however, contain requirements and restrictions on major dispositions and specify the circumstances under which a director may receive compensation for loss of office, all of which provisions have been incorporated in the Articles of Association, a summary of which is set out in Appendix VI to this prospectus.

Board of Supervisors

Under the PRC Company Law, the board of directors and managers of a joint stock limited company is subject to the supervision and inspection of a board of supervisors but there is no mandatory requirement for the establishment of a board of supervisors for a company incorporated in Hong Kong. The Mandatory Provisions provide that each supervisor owes a duty, in the exercise of his powers, to act in good faith and honestly in what he considers to be in the best interests of the company and to exercise the care, diligence and skill that a reasonably prudent person would exercise under comparable circumstances.

Derivative action by minority shareholders

Hong Kong law permits minority shareholders to start a derivative action on behalf of a company against directors who have committed a breach of their fiduciary duties to the company, if such directors control a majority of votes at a general meeting, thereby effectively preventing a company from suing the directors in breach of their duties in its own name.

The PRC Company Law gives shareholders of a joint stock limited company with the right so that in the event where the directors and senior management violate their fiduciary obligations to a company, the shareholders individually or jointly holding over 1% of the shares in the company for more than 180 consecutive days may request in writing the board of supervisors to initiate proceedings in the people's court. In the event that the board of supervisors violates their fiduciary obligations to a company, the above said shareholders may send written request to the board of directors to initiate proceedings in the people's court. Upon receipt of such written request from the shareholders, if the board of supervisors or the board of directors refuses to initiate such proceedings, or has not initiated proceedings within 30 days upon receipt of the request, or if under urgent situations, failure of initiating immediate proceeding may cause irremediable damages to the company, the above said shareholders shall, for the benefit of the company's interests, have the right to initiate proceedings directly to the court in their own name.

The Mandatory Provisions provide further remedies against the directors, supervisors and senior management who breach their duties to the company. In addition, as a condition to the listing of shares on the Stock Exchange, each director and supervisor of a joint stock limited company is required to give an undertaking in favor of the company acting as agent for the shareholders. This allows minority shareholders to take action against the directors and supervisors in default.

Protection of minorities

Under Hong Kong law, a shareholder who complains that the affairs of a company incorporated in Hong Kong are conducted in a manner unfairly prejudicial to his interests may petition to court to either wind up the company or make an appropriate order regulating the affairs of the company. In addition, on the application of a specified number of members, the Financial Secretary of the Hong Kong Government may appoint inspectors who are given extensive statutory powers to investigate the affairs of a company incorporated in Hong Kong.

The PRC Company Law provides that where any company encounters any serious difficulty in its operations or management so as that the interests of the shareholders will face serious loss if the company continues to exist and such difficulty cannot be resolved by any other means, the shareholders holding ten percent or more of the voting rights of all the issues shares of the company may plead the people's court to dissolve the company. The Mandatory Provisions, however, contain provisions to the effect that a controlling shareholder may not exercise its voting rights to relieve a director or supervisor of his duty to act honestly in the best interests of the company or to approve the expropriation by a director or supervisor of the company's assets or the individual rights of other shareholders which is prejudicial to the interests of the shareholders generally or of some part of the shareholders of a company.

Notice of shareholders' meetings

Under the PRC Company Law, notice of a shareholders' general meeting must be given not less than 20 days before the meeting, or, in the case of a company having bearer shares, a public announcement of a shareholders' general meeting must be made at least 30 days prior to it being held. Under the Special Regulations and the Mandatory Provisions, 45 days' written notice must be given to all shareholders and shareholders who wish to attend the meeting must reply in writing 20 days before the date of the meeting.

For a company incorporated in Hong Kong, the minimum notice periods of a general meeting convened for passing an ordinary resolution and a special resolution are 14 days and 21 days, respectively. The notice period for an annual general meeting is 21 days.

Quorum for shareholders' meetings

Under Hong Kong law, the quorum for a general meeting is two members unless the articles of association of the company otherwise provide. For one member companies, one member will be a quorum.

The PRC Company Law does not specify any quorum requirement for a shareholders' general meeting, but the Special Regulations and the Mandatory Provisions provide that a company's general meeting can be convened when replies to the notice of that meeting have been received from shareholders whose shares represent 50% of the voting rights in the company at least 20 days before the proposed date of the meeting. If that 50% level is not achieved, the company shall within five days notify its shareholders by public announcement and the shareholders' general meeting may be held thereafter.

Voting

Under Hong Kong law, an ordinary resolution is passed by a simple majority of votes cast by members present in person or by proxy at a general meeting and a special resolution is passed by a majority of not less than three-fourths of votes cast by members present in person or by proxy at a general meeting.

Under the PRC Company Law, the passing of any resolution requires more than one half of the votes cast by shareholders present in person or by proxy at a shareholders' general meeting except in cases of proposed amendment to the articles of association, increase or reduction of share capital, and merger, demerger or dissolution of a joint stock limited company or changes to the company status, which require two-thirds or more of votes cast by shareholders present at a shareholders' general meeting.

Financial disclosure

A company is required under the PRC Company Law to make available at its office for inspection by shareholders its annual balance sheet, profit and loss account, statements of changes in financial position and other relevant annexes 20 days before the annual general meeting of shareholders. In addition, a company established by way of public subscription under the PRC Company Law must publish its financial position. The annual balance sheet has to be verified by registered accountants. The Companies Ordinance requires a company to send to every shareholder a copy of its balance sheet, auditors' report and directors' report, which are to be laid before the company in its annual general meeting, not less than 21 days before such meeting. The financial statements of a Hong Kong company must be prepared in accordance with the standards issued or specified by the Hong Kong Institute of Certified Public Accountants. A company is required under the PRC laws to prepare its financial statements in accordance with the PRC accounting standards. The Mandatory Provisions require that the company must, in addition to preparing accounts according to the PRC standards, have its accounts prepared and audited in accordance with International Accounting Standards or Hong Kong accounting standards and its financial statements must also contain a statement of the financial effect of the material differences (if any) from the financial statements prepared in accordance with the PRC accounting standards.

The Special Regulations require that there should not be any inconsistency between the information disclosed within and outside the PRC and that, to the extent that there are differences in the information disclosed in accordance with the relevant PRC and overseas laws, regulations and requirements of the relevant stock exchanges, such differences should also be disclosed simultaneously.

Information on directors and shareholders

The PRC Company Law gives the shareholders of a company the right to inspect the Articles of Association, minutes of the shareholders' general meetings and financial and accounting reports. Under the Articles of Association, shareholders of a company have the right to inspect and copy (at reasonable charges) certain information on shareholders and on directors similar to that available to shareholders of Hong Kong companies under Hong Kong law.

Receiving agent

Under both the PRC Company Law and Hong Kong law, dividends once declared become debts payable to shareholders. The limitation period for debt recovery action under Hong Kong law is six years, while that under the PRC laws is two years. The Mandatory Provisions require that the company should appoint a trust company registered under the Hong Kong Trustee Ordinance (Chapter 29 of the Laws of Hong Kong) as a receiving agent to receive on behalf of holders of foreign shares dividends declared and all other monies owed by a joint stock limited company in respect of such foreign shares.

Corporate reorganization

Corporate reorganizations involving a company incorporated in Hong Kong may be effected in a number of ways, such as a transfer of the whole or part of the business or property of the company to another company in the course of being wound up voluntarily pursuant to section 237 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or a compromise or arrangement between the company and its creditors or between the company and its members pursuant to sections 668 to 674 of the Companies Ordinance which requires the sanction of the court. Under PRC Company Law, the merger, demerger, dissolution, liquidation or change to the forms of a company has to be approved by shareholders at general meeting.

Arbitration of disputes

In Hong Kong, disputes between shareholders and a company incorporated in Hong Kong or its directors may be resolved through the courts. The Mandatory Provisions provide that such disputes should be submitted to arbitration at either the HKIAC or the CIETAC at the claimant's choice.

Mandatory deductions

Under the PRC Company Law, a company shall draw 10% of the profits as its statutory reserve fund before it declares any dividends after taxation. The company may not require to deposit the statutory reserve fund if the aggregate amount of the statutory reserve fund has accounted for 50% of the company's registered capital. After the company has drawn statutory reserve fund from the after-tax profits, it may, upon a resolution made by the shareholders, draw a discretionary reserve fund from the after-tax profits. There are no such requirements under Hong Kong law.

Remedies of a company

Under the PRC Company Law, if a director, supervisor or manager in carrying out his duties infringes any law, administrative regulation or the articles of association of a company, which results in damage to the company, that director, supervisor or manager should be responsible to the company for such damages. In addition, remedies of the company similar to those available under the Hong Kong law (including rescission of the relevant contract and recovery of profits made by a director, supervisor or officer) have been in compliance with the Listing Rules.

Dividends

Under Hong Kong law, the limitation period for an action to recover a debt (including the recovery of dividends) is six years, whereas under PRC laws, the relevant limitation period is two years. A company shall not exercise its powers to forfeit any unclaimed dividend in respect of its listed foreign shares until after the expiry of the applicable limitation period.

Fiduciary duties

In Hong Kong, there is the common law concept of the fiduciary duty of directors. Under the PRC Company Law and the Special Regulations, directors, supervisors, senior management owe a fiduciary duty towards a company and are not permitted to engage in any activities which compete with or damage the interests of the company. Without the consent of the shareholders' meeting or the general meeting, directors and senior management are prohibited from operating for their own or for others business that is of the same type with that of the company that they serves.

Closure of register of shareholders

The Companies Ordinance requires that the register of shareholders of a company must not generally be closed for the registration of transfers of shares for more than 30 days (extendable to 60 days in certain circumstances) in a year, whereas the articles of association of a company provide, as required by the PRC Company Law, that share transfers may not be registered within 30 days before the date of a shareholders' meeting or within five days before the record date set for the purpose of distribution of dividends.

The Listing Rules

The Listing Rules provide additional requirements which apply to an issuer which is incorporated in the PRC as a joint stock limited company and seeks a primary listing or whose primary listing is on the Stock Exchange. Set out below is a summary of such principal additional requirements which apply to the Company.

Compliance advisor

A company seeking listing on the Stock Exchange is required to appoint a compliance advisor acceptable to the Stock Exchange for the period from its listing date up to the date of the publication of its first full year's financial results, to provide the company with professional advice on continuous compliance with the Listing Rules and all other applicable laws, regulations, rules, codes and guidelines, and to act at all times, in addition to the company's two authorized representatives, as the principal channel of communication with the Stock Exchange. The appointment of the compliance advisor may not be terminated until a replacement acceptable to the Stock Exchange has been appointed.

If the Stock Exchange is not satisfied that the compliance advisor is fulfilling its responsibilities adequately, it may require the company to terminate the compliance advisor's appointment and appoint a replacement.

The compliance advisor must keep the company informed on a timely basis of changes in the Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to the company.

It must act as the company's principal channel of communication with the Stock Exchange if the authorized representatives of the company are expected to be frequently outside Hong Kong.

Accountants' report

An accountants' report for a PRC issuer will not normally be regarded as acceptable by the Stock Exchange unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong or under International Standards on Auditing or China Auditing Standards. Such report will normally be required to conform to HKFRS or IFRS or PRC GAAP.

Process agent

The company is required to appoint and maintain a person authorized to accept service of process and notices on its behalf in Hong Kong throughout the period during which its securities are listed on the Stock Exchange and must notify the Stock Exchange of his appointment, the termination of his appointment and his contact particulars.

Public shareholdings

If at any time there are existing issued securities of a PRC issuer other than foreign shares ("**foreign shares**") which are listed on the Stock Exchange, the Listing Rules require that the aggregate amount of such foreign shares held by the public must constitute not less than 25% of the issued share capital and that such foreign shares for which listing is sought must not be less than 15% of the total issued share capital if the company has an expected market capitalization at the time of listing of not less than HK$125 million. The Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25% if the company has an expected market capitalization at the time of listing of over HK$10 billion.

Independent non-executive directors and supervisors

The independent non-executive directors of a PRC issuer are required to demonstrate an acceptable standard of competence and adequate commercial or professional expertise to ensure that the interests of the general body of shareholders will be adequately represented. The supervisors of a PRC issuer must have the character, expertise and integrity and be able to demonstrate a standard of competence commensurate with their position as supervisors.

Restrictions on purchase and subscription of its own securities

Subject to governmental approvals and the provisions of the Articles of Association, the Company may repurchase its own H shares on the Stock Exchange in accordance with the provisions of the Listing Rules. Approval by way of special resolution of the holders of domestic shares and the holders of H shares at separate class meetings conducted in accordance with the Articles of Association is required for share repurchases. In seeking approvals, the

Company is required to provide information on any proposed or actual purchases of all or any of its equity securities, whether or not listed or traded on the Stock Exchange. The Directors must also state the consequences of any purchases which will arise under either or both of the Code on Takeovers and Mergers and any similar PRC laws of which the directors are aware, if any.

Any general mandate given to the directors to repurchase the foreign shares must not exceed 10% of the total amount of existing issued foreign shares of the Company.

Mandatory Provisions

With a view to increasing the level of protection afforded to investors, the Stock Exchange requires the incorporation, in the articles of association of a PRC company whose primary listing is on the Stock Exchange, of the Mandatory Provisions and provisions relating to the change, removal and resignation of auditors, class meetings and the conduct of the board of supervisors of the company. Such provisions have been incorporated into the Articles of Association, a summary of which is set out in Appendix VI to this prospectus.

Redeemable shares

The Company must not issue any redeemable shares unless the Stock Exchange is satisfied that the relative rights of the holders of the foreign shares are adequately protected.

Pre-emptive rights

Except in the circumstances mentioned below, the directors of a company are required to obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of the holders of domestic shares and foreign shares (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the Company's articles of association, prior to: (i) authorizing, allotting, issuing or granting shares or securities convertible into shares, or options, warrants or similar rights to subscribe for any shares or such convertible securities; or (ii) any major subsidiary of the Company making any such authorization, allotment, issue or grant so as materially to dilute the percentage equity interest of the company and its Shareholders in such subsidiary.

No such approval will be required, but only to the extent that, the existing Shareholders of the company have by special resolution in general meeting given a mandate to the directors, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to authorize, allot or issue, either separately or concurrently once every 12 months, not more than 20% of the existing Domestic Shares and foreign shares as of the date of the passing of the relevant special resolution or of such shares that are part of the company's plan at the time of its establishment to issue domestic shares and foreign shares and which plan is implemented within 15 months from the date of approval by the CSRC; or where upon approval by securities supervision or administration authorities of the State Council, the Shareholders of domestic invested shares of the Company transfer its shares to overseas investors and such shares are listed and traded in foreign markets.

Supervisors

The Company is required to adopt rules governing dealings by its Supervisors in securities of the Company in terms no less exacting than those of the model code (set out in Appendix 10 to the Listing Rules) issued by the Stock Exchange.

The Company is required to obtain the approval of its Shareholders at a general meeting (at which the relevant Supervisor and his associates shall not vote on the matter) prior to the Company or any of its subsidiaries entering into a service contract of the following nature with a Supervisor or proposed Supervisor of the Company or its subsidiary: (i) the term of the contract may exceed three years; or (ii) the contract expressly requires the Company to give more than one year's notice or to pay compensation or make other payments equivalent to the remuneration more than one year.

The remuneration and assessment committee of the Company or an independent board committee must form a view in respect of service contracts that require shareholders' approval and advise shareholders (other than shareholders with a material interest in the service contracts and their associates) as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and our Shareholders as a whole and advise our Shareholders on how to vote.

Amendment to the Articles of Association

The Company is required not to permit or cause any amendment to be made to its Articles of Association which would cause the same to cease to comply with the Mandatory Provisions of the Listing Rules and the Mandatory Provisions or the PRC Company Law.

Documents for inspection

The Company is required to make available at a place in Hong Kong for inspection by the public and its shareholders free of charge, and for copying by shareholders at reasonable charges the following:

(a) a complete duplicate register of shareholders;

(b) a report showing the state of the issued share capital of the Company;

(c) the Company's latest audited financial statements and the reports of the Directors, auditors and Supervisors (if any) thereon;

(d) special resolutions of the Company;

(e) reports showing the number and nominal value of securities repurchased by the Company since the end of the last certificates year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between Domestic Shares and H Shares); and

(f) a copy of the latest annual return led with the SAIC; and for shareholders only, copies of minutes of meetings of shareholders.

Receiving agents

The Company is required to appoint one or more receiving agents in Hong Kong and pay to such agent(s) dividends declared and other monies owing in respect of the H Shares to be held, pending payment, in trust for the holders of such H Shares.

Statements in H share certificates

The Company is required to ensure that all of its listing documents and H share certificates include the statements stipulated below and to instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect that the acquirer of shares:

(a) agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder of the Company, to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association and other relevant laws and administrative regulations;

(b) agrees with the Company, each Shareholder, Director, Supervisor, manager and officer of the Company, and the Company acting for itself and for each Director, Supervisor, manager and officer of the Company agrees with each shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award. Such arbitration shall be final and conclusive;

(c) agrees with the Company and each shareholder of the Company that the H Shares are freely transferable by the holder thereof; and

(d) authorizes the Company to enter into a contract on his behalf with each Director, Supervisors, manager and officer of the Company whereby each such Director and officer undertakes to observe and comply with his obligation to shareholders as stipulated in the Articles of Association.

Compliance with the PRC Company Law, the Special Regulations and the Articles of Association

The Company is required to observe and comply with the PRC Company Law, the Special Regulations and the Articles of Association.

Contract between the Company and its Directors, officers and Supervisors

The Company is required to enter into a contract in writing with every Director and officer containing at least the following provisions:

(a) an undertaking by the Director or officer to the Company to observe and comply with the PRC Company Law, the Special Regulations, the Articles of Association, the Takeovers Code and an agreement that the Company shall have the remedies provided in the Articles of Association and that neither the contract nor his office is capable of assignment;

(b) an undertaking by the Director or officer to the Company acting as agent for each shareholder to observe and comply with his obligations to shareholders as stipulated in the Articles of Association;

(c) an arbitration clause which provides that whenever any differences or claims arise from that contract, the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant law and administrative regulations concerning the affairs of the Company between the Company and the Directors or officers and between a holder of H Shares and a Director or officer of the Company, such differences or claims will be referred to arbitration at either the CIETAC in accordance with its rules or the HKIAC in accordance with its Securities Arbitration Rules, at the election of the claimant and that once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. Such arbitration will be final and conclusive;

(d) if the party seeking arbitration elects to arbitrate the dispute or claim at HKIAC, then either party may apply to have such arbitration conducted in Shenzhen according to the Securities Arbitration Rules of HKIAC;

(e) PRC laws shall govern the arbitration of disputes or claims referred to above, unless otherwise provided by law or administrative regulations;

(f) the award of the arbitral body is final and shall be binding on the parties thereto;

(g) the agreement to arbitrate is made by the Director or offer with the Company on its own behalf and on behalf of each shareholder; and

(h) any reference to arbitration shall be deemed to authorize the arbitral tribunal to conduct hearings in open session and to publish its award.

The Company is also required to enter into a contract in writing with every Supervisor containing statements in substantially the same terms.

Subsequent listing

The Company must not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Stock Exchange is satisfied that the relative rights of the holders of foreign shares are adequately protected.

English translation

All notices or other documents required under the Listing Rules to be sent by the Company to the Stock Exchange or to holders of H Shares are required to be in the English language, or accompanied by a certified English translation.

General

If any change in the PRC laws or market practices materially alters the validity or accuracy of any of the basis upon which the additional requirements have been prepared, then the Stock Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer, including the Company, subject to special conditions as the Stock Exchange considers appropriate. Whether or not any such changes in the PRC laws or market practices occur, the Stock Exchange retains its general power under the Listing Rules to impose additional requirements and make special conditions in respect of the Company's listing.

Other Legal and Regulatory Provisions

Upon the Company's listing, the provisions of the SFO, the Takeovers Code and such other relevant ordinances and regulations as may be applicable to companies listed on the Stock Exchange will apply to the Company.

Securities Arbitration Rules

The Articles of Association provide that certain claims arising from the Articles of Association or the PRC Company Law shall be arbitrated at either the CIETAC or the HKIAC in accordance with their respective rules. The Securities Arbitration Rules of the HKIAC contain provisions allowing an arbitral tribunal to conduct a hearing in Shenzhen for cases involving the affairs of companies incorporated in the PRC and listed on the Stock Exchange so that PRC parties and witnesses may attend. Where any party applies for a hearing to take place in Shenzhen, the tribunal shall, where satisfied that such application is based on bona fide grounds, order the hearing to take place in Shenzhen conditional upon all parties including witnesses and the arbitrators being permitted to enter Shenzhen for the purpose of the hearing. Where a party (other than a PRC party) or any of its witnesses or any arbitrator is not permitted to enter Shenzhen, then the tribunal shall order that the hearing be conducted in any practicable manner, including the use of electronic media. For the purpose of the Securities Arbitration Rules, a PRC party means a party domiciled in the PRC other than the territories of Hong Kong, Macau and Taiwan.

PRC Legal Matter

Our PRC Legal Advisors, have sent to us a legal opinion dated March 19, 2019 confirming that it has reviewed the summaries of relevant PRC laws and regulations as contained in this Appendix and that, in its opinion, such summaries are correct summaries relevant to PRC laws and regulations. This letter is available for inspection as referred to in "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VIII to this prospectus. Any person wishing to have detailed advice on PRC laws and the laws of any jurisdictions is recommended to seek independent legal advice.

TAXATION OF EQUITY HOLDERS

The following is a summary of certain PRC and Hong Kong tax consequences of the ownership of H Shares by an investor that purchases such H Shares in connection with the Global Offering and holds the H Shares as capital assets. This summary does not purport to explain all material tax consequences of the ownership of H Shares, and does not take into account the specific circumstances of any particular investors, some of which may be subject to special rules. This summary is based on the tax laws of the PRC and Hong Kong as in effect on the date of publication of this document, all of which are subject to change (or changes in interpretation), possibly with retroactive effect.

This section of this prospectus does not cover any aspects of Hong Kong or PRC taxation other than income taxation, capital gains taxation, stamp taxation and estate taxation. Prospective investors are urged to consult their tax advisors regarding the PRC, Hong Kong and other tax consequences of holding and disposing of H Shares.

TAXATION IN THE PRC

Taxation of the Dividends

Individual investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "**Individual Income Tax Law**") enacted by the Standing Committee of the Fifth National People's Congress on September 10, 1980, amended on June 30, 2011 and effective on September 1, 2011 and the Provision for Implementation of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) as amended on July 19, 2011 and effective on September 1, 2011, dividends paid by PRC companies to individual investors shall generally be subject to withholding tax at a flat rate of 20%. Meanwhile, according to the Notice on Issues concerning the Implementation of Differential Individual Income Tax Policies on Dividends and Bonuses of Listed Companies (Cai Shui [2015] No. 101) (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) (財稅[2015]101號) issued by the MOF on September 7, 2015, where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is more than one year, the income from dividends shall be exempted from personal income tax for the time being. Where an individual acquires the stocks of a listed company from public offering of the company or from the stock market, if the stock holding period is one month or less, the income from dividends shall be included into the taxable incomes in full amount; if the stock holding period is more than one month and up to one year, the income from dividends shall be included into the taxable incomes at the reduced rate of 50% for the time being. Individual income taxes on the aforesaid incomes shall be collected at the uniform rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from a company in the PRC is normally subject to a personal income tax of 20% unless specifically exempted by the competent tax authority of the State Council or specifically reduced by an applicable tax treaty.

Pursuant to the Notice of the SAT on Matters Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號) promulgated by the SAT on June 28, 2011, the resident individual investors outside the PRC who are the shareholders of the shares issued in public offerings by domestic non-foreign invested enterprises in Hong Kong enjoy preferential tax rate in accordance with the tax conventions between Mainland China and the country where the residents reside. The PRC individual income tax at the rate of 10% is applicable to dividends paid by a non-foreign invested PRC enterprise (the "**Relevant Non-foreign Invested PRC Enterprise**") to foreign resident individual investors (the "**Relevant Individual Investors**") holding shares publicly offered by the Relevant Non-foreign PRC Enterprise in Hong Kong and no application for approval from the taxation authority in the PRC is required. In case the 10% tax rate is not applicable, the Relevant Non-foreign Invested PRC Enterprise shall: (i) apply on behalf of the investors to seek entitlement of the preferential tax treatment for lower tax rates if the countries of the Relevant Individual Investors have entered into income tax treaties with the PRC with tax rates lower than 10%, and arrange for refund of over payment upon approval by the tax authority according to the Regulations on the Administration of Tax Treaties for Non-resident Taxpayers (《非居民納稅人享受稅收協定待遇管理辦法》) (SAT Announcement No. 60 of 2015); (ii) pay the tax at such rates as agreed if the countries of the Relevant Individual Investors have entered into income tax treaties with the PRC with tax rates higher than 10% but lower than 20%, and no application is required; (iii) pay the personal income tax at the rate of 20% if the countries of the Relevant Individual Investors have not entered into any taxation treaties with the PRC or otherwise.

Enterprise investors

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "**EIT Law**") promulgated by the Standing Committee of the Tenth National People's Congress on March 16, 2007 and revised and effective on February 24, 2017 and the Provision for Implementation of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**Implementation Regulations**") promulgated by the State Council on December 6, 2007 and effective on January 1, 2008, the nonresident enterprises shall be subject to 10% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish institutions or premises in the PRC, or there is no connection between the income received and the institutions or premises established by the non-resident enterprises. Such withholding tax may be reduced pursuant to an applicable double taxation treaty upon application and approval.

According to the Notice Regarding Questions on Withholding Enterprise Income tax on the Dividends Paid by PRC Resident Enterprises to Non-resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《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》) (國稅函[2008]897號), which was promulgated and became effective on November 6, 2008, PRC enterprises shall pay an enterprise income tax at the uniform rate of 20% when they distribute dividends to non-resident enterprise shareholders of H shares for the year of 2008 and afterwards. Such withholding tax may be reduced pursuant to an applicable double taxation treaty upon application and approval.

According to the Arrangement between the Mainland China and Hong Kong for the Avoidance of Double Taxation on Income signed by the Mainland China and Hong Kong (《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》) on August 21, 2006, the PRC Government may impose tax on dividends payable by a PRC company to a Hong Kong resident (including natural persons and legal entities), but such tax shall not exceed or equal to 10% of the gross amount of dividends payable, and in the case where a Hong Kong resident holds at least 25% equity interest in a PRC company, such tax shall not exceed 5% of the gross amount of dividends payable by the PRC company after applying to and being approved by the PRC tax authorities.

Tax treaties

Non-PRC resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC shall be entitled to a reduction of any withholding tax imposed on dividends received by such investors from PRC companies. The PRC has entered into arrangements for the avoidance of double taxation with Hong Kong and Macau, respectively, and has entered into treaties for the avoidance of double taxation with certain other countries, including but not limited to Australia, Canada, France, Germany, Japan, Malaysia, Netherlands, Singapore, the United Kingdom and the United States.

Capital gains taxation

Individual investors

In accordance with the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the MOF and the SAT Declaring that Individual Income Tax Continues to Be Exempted over Individual Income from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家稅務總局關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) (財稅字[1998]61號) issued by the MOF and the SAT and effective on March 30, 1998, since January 1, 1997 gains of individuals from the transfer of shares of listed enterprises continues to be exempted from individual income tax. After the latest amendment to the IIT Law on June 30, 2011 and its implementing rules amended on July 19, 2011 and effective on September 1, 2011, the SAT has not explicitly stated whether it will continue to exempt individuals from income tax on income derived from the transfer of listed shares. However, on December 31, 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》) (財稅[2009]167號), which provides that individuals' income from transferring listed shares on certain domestic exchanges shall continue to be exempted from the individual income tax, except for shares of certain specified companies (as defined in the Supplementary Notice of the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) (財稅[2010]70

號) issued by the MOF, the SAT and the CSRC on November 10, 2010). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that IIT shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges (e.g. Stock Exchange). In practice, the PRC tax authorities have not collected income tax from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

Enterprise investors

In accordance with the EIT Law and its Implementation Rules, a non-PRC resident enterprise is generally subject to enterprise income tax at the rate of 10% with respect to PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, if it does not have an establishment or premises in the PRC or has an establishment or premises in the PRC but the PRC-sourced income is not actually connected with such establishment or premises in the PRC. Such income tax for non-resident enterprises are deducted at source, where the payers of the income are required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due. The withholding tax may be reduced under applicable tax treaties or treaties on avoidance of double taxation.

Taxation Policy of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

Pursuant to Notice on Continuing to Implement the Relevant Individual Income Tax Policies for Shanghai-Hong Kong Stock Connect (Cai Shui [2017] No. 78) (《關於繼續執行滬港股票市場交易互聯互通機制有關個人所得稅政策的通知》) (財稅[2017]78號) which came into effect on November 17, 2017, and Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (財稅[2016]127號) which came into effect on December 5, 2016, (1) Individual mainland investors' income from price differences of investment in stocks listed on the Stock Exchange through the Shanghai-Hong Kong Stock Connect shall be temporarily exempted from individual income tax from November 17, 2017 to December 4, 2019, and that through Shenzhen-Hong Kong Stock Connect shall be temporarily exempted from individual income tax from December 5, 2016 to December 4, 2019, (2) Mainland corporate investors' income from price differences of investment in H shares through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included into the total income and shall be subject to the enterprise income tax, (3) For dividends and bonuses obtained by individual mainland investors or mainland securities investment funds from investment in companies of H shares through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the companies of H shares withhold the individual income tax at the tax rate of 20%, and (4) Mainland corporate investors' income from dividends and bonuses of investment in companies of H shares through the Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included into the total income and shall be subject to the enterprise income tax. The Company shall not withhold individual income tax of dividends and bonuses for mainland corporate investors.

Other tax issues in the PRC

PRC stamp duty

Under the Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花稅暫行條例》) recently amended by the State Council on January 8, 2011 and the Rules for Implementation of Provisional Regulations of the PRC Concerning Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》) recently amended by the MOF on November 5, 2004, PRC stamp duty is imposed on documents that are signed or received within the PRC, are legally binding in the PRC and governed by the PRC laws. Therefore, PRC stamp duty levied on the transfer of shares of the PRC listed companies does not apply to acquisitions or dispositions of H shares by non-PRC investors outside PRC.

Estate tax

No liability for estate tax under the current PRC law will arise from non-PRC national's holding of H shares.

Major taxes on the company in the PRC

Income tax

According to the PRC Enterprise Income Tax Law and the Implementation Regulations, enterprises are divided into resident enterprises and non-resident enterprises. Corporate income tax rate is 25%. The nonresident enterprises shall be subject to 20% enterprise tax for the income originated from the PRC provided that the non-resident enterprises do not establish institutions or premises in the PRC, or where there are institutions and premises established, there is no connection between the income received and the institutions or premises established by the non-resident enterprises. High-tech enterprises that need to be supported by the state are subject to a corporate income tax rate of 15%.

According to the Announcement on Issues Concerning the Implementation of High-Tech Enterprise Income Tax Preferential Policies (《關於實施高新技術企業所得稅優惠政策有關問題的公告》) promulgated by the SAT on June 19, 2017 and implemented on January 1, 2017, after obtaining the qualification of high-tech enterprise, the enterprise shall apply for tax benefits from the year of the issuance time indicated in the high-tech enterprise certificate and handle filing procedures with the competent tax authorities in accordance with the provisions. In the year when the enterprise's high-tech enterprise qualification expires, before the enterprise is re-certified, its enterprise income tax is temporarily paid at the rate of 15%. If the high-tech enterprise qualification has not been obtained before the end of the year, the tax for the corresponding period shall be paid according to the regulations.

Withholding tax

Pursuant to the Arrangement between the Mainland of the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Incomes (《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》) signed by the SAT and the Hong Kong Special Administrative Region on December 8, 2006 and four protocols implemented on August 21, 2006, June 11, 2008, January 20, 2010, March 9, 2016, respectively, the applicable withholding tax rate for any dividends declared by a Chinese company is 5% for a shareholder being Hong Kong resident holding at least 25% interest in its registered capital, or 10% for a shareholder being Hong Kong resident holding less than 25% interest in its registered capital.

Value-added Tax

Pursuant to the Interim Regulations on Value-added Tax of the PRC (《中華人民共和國增值稅暫行條例》) amended by the State Council on November 19, 2017, enterprises and individuals that engage in the sale of goods, supply of processing, repair and replacement services, and import of goods within the territory of the PRC as specified by such regulations are subject to VAT. Unless otherwise provided in the provisional regulations, the tax rate is generally 17% for taxpayers selling goods. Pursuant to the Pilot Plan for Levying Value-added Tax in Lieu of Business Tax (Cai Shui [2011] No. 110) (《營業稅改徵增值稅試點方案》) (財稅[2011]110號) promulgated by the MOF and SAT and effective on November 16, 2011, starting from January 1, 2012, the State started the pilot taxation reform of collecting VAT in lieu of business tax in certain regions (including Shanghai and Beijing) and in certain pilot industries (including transportation and certain modern service industries).

Pursuant to the Notice on Implementing the Pilot Plan for Levying Value-added Tax in Lieu of Business Tax Nationwide (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》) (財稅[2016]36號) issued by the MOF and SAT on March 23, 2016 and effective on May 1, 2016, from May 1, 2016 onwards, the pilot reform for the transition from business tax to VAT ("**Business Tax to VAT**") is implemented nationwide. Pursuant to the Implementation Measures of the Pilot Plan for Transition from Business Tax to Value-added Tax (《營業稅改徵增值稅試點實施辦法》), unless otherwise provided in the implementation measures, the tax rate is generally 6% for tax payers who conducted taxable behaviors.

Pursuant to Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui [2018] No. 32) (《財政部、國家稅務總局關於調整增值稅稅率的通知》) (財稅[2018]32號) issued by the MOF and SAT on April 4, 2018 and effective on May 1, 2018, the applicable VAT for VAT-taxable sales activities or imported goods are adjusted respectively from 17% and 11% to 16% and 10%.

Urban maintenance and construction tax

Pursuant to the Notice of the State Council on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Payable by Domestic and Foreign-invested Enterprises and Individuals (《國務院關於統一內外資企業和個人城市維護建設稅和教育費附

加制度的通知》) implemented by the State Council on December 1, 2010 and the Interim Regulations on Urban Maintenance and Construction Tax of the PRC (《中華人民共和國城市維護建設稅暫行條例》) amended on January 8, 2011, all entities and individuals liable to consumption tax, VAT and business tax within the PRC shall pay urban maintenance and construction tax. The rates of urban maintenance and construction tax shall be as follows: 7% for taxpayers in cities, 5% for taxpayers in counties or towns, and 1% for taxpayers in places other than cities, counties or towns.

Education surcharge

Pursuant to UMCT & ES Notice and the Interim Provisions on Collection of Education Surcharge (《徵收教育費附加的暫行規定》) amended by the State Council on January 8, 2011, all entities and individuals liable to consumption tax, VAT and business tax, other than entities who shall pay rural educational undertaking surcharge pursuant to the Notice of the State Council on Raising Funds for Rural Schools (《國務院關於籌措農村學校辦學經費的通知》) implemented on December 13, 1984, shall pay education surcharge in accordance with these provisions. The education surcharge, payable at a rate of 3% of the amount of VAT, business tax and consumption tax actually paid by entities or individuals, shall be paid simultaneously with VAT, business tax and consumption tax.

HONG KONG TAXATION

Tax on Dividends

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of H Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

Estate Duty

There is no estate duty in Hong Kong.

FOREIGN EXCHANGE CONTROL OF THE PRC

The lawful currency of the PRC is Renminbi, which is still subject to foreign exchange control and is not freely exchangeable. The SAFE, under the authorization of the PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to the Notice on Further Reforming the Foreign Exchange Management System (Guo Fa [1993] No. 89) (《關於進一步改革外匯管理體制的通知》) (國發[1993]89號) promulgated by the State Council, since January 1, 1994, the conditional convertibility RMB in current account has been implemented, and the official RMB exchange rate and the market rate for RMB have been unified. The former dual exchange rate system for RMB had been abolished and a unitary and managed floating rate based on market supply and demand was introduced. The People's Bank of China set and announced the daily median price of the RMB against the USD, and the exchange rates of RMB against other currencies in reference to the changes in the international foreign exchange markets, which was permitted to float to a certain extent in foreign exchange transactions.

On January 29, 1996, the State Council promulgated the Foreign Exchange Control Regulations of the People's Republic of China (《中華人民共和國外匯管理條例》) (the Foreign Exchange Control Regulations) which became effective from April 1, 1996. The Foreign Exchange Control Regulations classifies all international payments and transfers into current account items and capital account items. Most of the current account items are not subject to SAFE approval while capital account items are. The Foreign Exchange Control Regulations were subsequently amended on January 14, 1997 and August 1, 2008. The latest amended Foreign Exchange Control Regulations clarifies that the State does not impose restrictions on international payments and transfers under the current account items.

On June 20, 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the "Settlement Regulations") which became effective on July 1, 1996. The Regulations abolished all other restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

Pursuant to the Announcement on Improving the Reform of the RMB Exchange Rate Formation Mechanism (PBOC Announcement [2005] No. 16) (《關於完善人民幣匯率形成機制改革的公告》) promulgated by the PBOC on July 21, 2005 and effective on the same date, the PRC began to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies. The Renminbi exchange rate was no longer pegged to the US dollar. The PBOC will publish the closing price of a foreign currency such as the US dollar traded against the Renminbi in the interbank foreign exchange market on each Business Day after the closing of the market, and will fix the central parity for the transaction of such foreign currency against Renminbi on the following trading day.

Since January 4, 2006, the PBOC improved the method of generating the central parity for quoting the Renminbi exchange rate by introducing an enquiry system while keeping the match-making system in the interbank foreign exchange spot market. In addition, the liquidity of the foreign exchange market was also improved by adopting a market-making system in the interbank foreign exchange market. On July 1, 2014, the People's Bank of China further improved the formation mechanism of the RMB exchange rate by authorizing the China Foreign Exchange Trade System to make inquiries with the market makers before the inter-bank foreign exchange market opens every day for their offered questions which are used as samples to calculate the central parity of the RMB against the USD, and announce it at 9:15 a.m. on each Business Day.

On August 5, 2008, the State Council promulgated the revised Regulations of the PRC for Foreign Exchange Control (《中華人民共和國外匯管理條例》) (the "**Revised Foreign Exchange Control Regulations**"), which have made substantial changes to the foreign exchange regulatory system of the PRC. First, the Revised Foreign Exchange Control Regulations adopted an approach of balancing the inflow and outflow of foreign exchange fund. Foreign exchange income received overseas can be repatriated or deposited overseas, and foreign exchange and foreign exchange settlement funds under the capital account are required to be used only for purposes as approved by the competent authorities and foreign exchange administration authorities. Second, the Revised Foreign Exchange Control Regulations improved the mechanism for determining the Renminbi exchange rate based on market supply and demand. Third, the Revised Foreign Exchange Control Regulations enhanced the monitoring of cross-border foreign exchange fund flows. In the event that international trade revenues and costs suffer or may suffer a material misbalance, or the national economy encounters or may encounter a severe crisis, the State may adopt necessary safeguard or control measures. Fourth, the Revised Foreign Exchange Control Regulations enhanced the supervision and administration of foreign exchange transactions and granted extensive authority to the SAFE to strengthen its supervisory and administrative ability.

Pursuant to the relevant rules and regulations of the State, all foreign exchange income generated from current account transactions of the PRC enterprises may be either retained or sold to financial institutions engaging in the settlement or sale of foreign exchange. Foreign exchange earnings from loans from overseas entities or foreign exchange earnings from the issuance of bonds and stocks do not need to be sold to a specific foreign exchange bank and can be deposited in a foreign exchange account of a designated foreign exchange bank.

PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of State Administration of Foreign Exchange, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders, and PRC enterprises which in accordance with regulations are required to pay dividends to shareholders in foreign exchange, may on the strength of general meeting resolutions of such PRC enterprises or board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

The Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (Guo Fa [2014] No. 50) (《國務院關於取消和調整一批行政審批項目等事項的決定》) (國發[2014]50號) promulgated by the State Council on October 23, 2014, canceled the administrative approval by the SAFE and its branches over matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

According to the Circular on Relevant Issues Concerning the Foreign Exchange Administration of Overseas Listing (Hui Fa [2014] No. 54) (《關於境外上市外匯管理有關問題的通知》) (匯發[2014]54號) promulgated by SAFE on December 26, 2014, a domestic issuer shall, within 15 Business Days after the completion of the offering of shares for its overseas listing, register overseas listing with the local foreign exchange bureau at the place of its incorporation. The proceeds raised from overseas listing of a domestic issuer can be repatriated to PRC or deposited overseas, and the usage of such proceeds shall be consistent with the purpose as specified in the document and other disclosure documents. The exchange of funds in the designated account into the RMB must be approved by the SAFE.

According to the Notice on Foreign Exchange of the PRC on Revolutionize and Regulate Capital Account Settlement Management Policies (Hui Fa [2016] No. 16) (《關於改革和規範資本項目結匯管理政策的通知》) (匯發[2016]16號) promulgated by the SAFE on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

SUMMARY

Following is a summary of principal clauses of the Articles of Association adopted at the general meeting held on 27 July 2018.

SHARES

Shares and Registered Capital

The shares of the Company shall take the form of share certificates.

The Company shall have ordinary shares at any time; with approval of the company examination and approval authority authorized by the State Council, the Company may have other forms of shares when needed.

The Company shall issue shares in an open, fair and just manner, and each share of the same type shall have the same right.

All shares of the same type issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share subscribed for.

The Company may issue shares to both domestic and overseas investors with approval of the securities regulatory authorities of the State Council. Upon approval by the securities regulatory authorities of the State Council in respect of the plan of the Company to issue overseas listed foreign shares and domestic shares, the Board of the Company may make implementation arrangements for such plan by means of separate issuance. The Company may implement its plan to separately issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities regulatory authorities of the State Council. In the event that there are overseas listed foreign shares and domestic shares included in the total number of shares specified in the issuance plan of the Company, such shares shall be fully subscribed for at one time, or if the shares cannot be fully subscribed for at one time due to special circumstances, such shares may be issued in separate tranches, with the approval of the securities regulatory authorities of the State Council.

Increase and Decrease of Shares

The Company may increase its capital by any of the following methods in accordance with laws and regulations and subject to special resolution of the general meeting:

(I) offering of new shares to non-given investors;

(II) allotment of new shares to existing shareholders;

(III) distribution of bonus shares to existing shareholders;

(IV) issuance of new shares to given investors;

(V) conversion of reserve fund into share capital; or

(VI) any other means stipulated by laws and administrative regulations or approved by relevant regulatory authorities.

If the Company is to increase its capital by an offering of new shares, it shall do so by the procedure provided in relevant national laws and administrative regulations after such increase has been approved in accordance with the Articles of Association.

The Company may decrease its registered capital in accordance with the Articles of Association. The Company shall reduce its registered capital pursuant to the Company Law and other relevant regulations, and the Articles of Association. The Company shall prepare a balance sheet and an inventory of property when decreasing its registered capital.

The Company shall notify the creditors within 10 days after adoption of the resolution to decrease the registered capital and shall make announcements in newspapers within 30 days. The creditors shall be entitled to require the Company to repay debts or provide corresponding guarantees for debt repayment within 30 days after receipt of the notice, or within 45 days after the announcement if the creditors haven't received the notice.

The Company's registered capital shall not, upon the decrease of capital, be less than the statutory minimum limit.

Share Repurchase

The Company may, in accordance with laws, administrative regulations, Listing Rules of the Stock Exchange, departmental rules and the Articles of Association and subject to approval of the relevant competent authority of the PRC, repurchase its shares in the following circumstances:

(I) decreasing the registered capital of the Company;

(II) merging with other companies holding shares of the Company;

(III) awarding shares to employees of the Company for employee equity plan or equity incentive;

(IV) shareholders objecting to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to repurchase their shares;

(V) such shares are in use of transferring of Corporate bonds issued by the Company that can be converted into shares;

(VI) other circumstances necessary for maintaining the Company's value and protecting shareholders' interests;

(VII) other circumstances permitted by laws and administrative regulations or approved by the regulatory authorities.

The Company may repurchase shares in any of the following ways with approval of the relevant competent authority of the PRC:

(I) making a pro rata offer of repurchase to all of its shareholders;

(II) repurchasing shares through public transaction on a stock exchange;

(III) repurchasing shares by a negotiated agreement outside of any stock exchange;

(IV) other circumstances permitted by laws and administrative regulations or approved by the regulatory authorities.

Where the Company is to repurchase its own shares for canceling shares for decrease of its registered capital, merging with other companies which hold its shares or repurchase its shares by a negotiated agreement outside of any stock exchange, prior approval shall be obtained at a general meeting in accordance with the Articles of Association. Where the Company is to repurchase its own shares for employee equity plan, equity incentive, transferring of convertible corporate bonds or other purpose necessary for maintaining the Company value and shareholders' interests, prior approval shall be obtained at a board meeting with appearance of at least 2/3 directors pursuant the Company's Article of Association or the authority from the General Meeting. As approved by the shareholders at a general meeting in the same manner in advance, the Company may rescind or alter contracts concluded in the aforementioned manner or waive any of its rights under such contracts.

In respect of the redeemable shares that the Company has the right to repurchase, if the repurchase is to be made in a manner other than through the market or by tender, the repurchase price shall not exceed a specified maximum amount; if the repurchase is to be made by tender, such tender offer shall be made available to all shareholders equally on the same terms.

After the Company has repurchased its own shares in accordance with laws, the shares so repurchased shall be canceled within 10 days from the date of repurchase under the circumstance set out in item (1) above, or shall be transferred or canceled within six months after the date of repurchase under the circumstances set out in items (2) and (4) above. The accumulated shares held by the Company after the repurchasing under the circumstance set out in item (3), (5) and (6) above shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within three years.

The aggregate par value of the shares so canceled shall be deducted from the Company's registered capital.

Financial Assistance for Purchase of the Company's Shares

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to purchasers or prospective purchasers of the Company's shares. The aforesaid purchasers include persons directly or indirectly undertaking obligations as a result of purchase of the Company's shares.

The Company or its subsidiaries shall not at any time or in any form provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The provisions of this Article do not apply to the following circumstances.

(I) relevant financial assistance is given genuinely in the interest of the Company, and the main purpose of the financial assistance is not the purchase of the Company's shares, or the financial assistance is an incidental part of some overall plan of the Company;

(II) the Company distributes its property in form of dividends in accordance with law;

(III) the Company distributes its dividends in the form of shares;

(IV) the Company decreases the registered capital, repurchases shares and adjusts the shareholding structure in accordance with the Articles of Association;

(V) the Company provides loan within its business scope and in the ordinary course of its business (provided that the provision does not lead to a reduction in the net assets of the Company or even if it constitutes a reduction, the financial assistance would be paid out of the distributable profits of the Company); and

(VI) the Company provides money to its employee shareholding scheme (provided that the provision does not lead to a reduction in the net assets of the Company or even if it constitutes a reduction, the financial assistance would be paid out of the distributable profits of the Company).

Share Certificates and Share Register

The share certificates of the Company shall be in registered form. Shares of the Company may be transferred, presented, inherited and mortgaged pursuant to relevant laws, administrative regulations and the Articles of Association.

The Company shall establish a share register. Once the shares of the Company are transferred, the transferees shall become shareholders of the said shares, with their names listed in the share register. The instrument of transfer and other documents relating to or likely to affect ownership of any H Shares shall be registered. The Company may, pursuant to any understanding or agreement reached between the securities regulatory authority of the State Council and a foreign country, keep the original of its register of holders of overseas listed foreign shares outside of the PRC, and authorize a foreign agency to manage it.

The shares of the Company held by the promoters shall not be transferred within one year after incorporation of the Company. The directors, supervisors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the aforesaid persons shall not transfer their shares in the Company within half a year after they terminate service with the Company.

With approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer their shares to overseas investors and list and trade the said shares overseas. Listing of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements prescribed by the relevant overseas stock market. It is unnecessary to hold a class general meeting to vote on listing of the transferred shares on an overseas stock exchange.

With approval of the securities regulatory authorities of the State Council, domestic shares may be converted into overseas listed foreign shares and listed on and traded in an overseas stock exchange. Listing of the converted shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the relevant overseas securities markets. It is unnecessary to hold a general meeting or class general meeting to vote on conversion of domestic shares into overseas listed foreign shares and listing of the converted shares on the overseas stock exchange. After the domestic shares are converted into overseas listed foreign shares, the converted shares shall be the same type of shares as the original overseas listed foreign shares.

SHAREHOLDERS AND GENERAL MEETINGS

Shareholders

Shareholders of the Company are persons lawfully holding shares of the Company, with names recorded in the share register. A shareholder shall enjoy rights and bear obligations according to the class and quantity of his shares. Holders of the same class shall enjoy the same rights and bear the same obligations. Class shareholders of the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

The ordinary shareholders of the Company shall enjoy the following rights:

(I) to receive dividends and other distributions in proportion to the quantity of shares they hold;

(II) to lawfully require, convene or preside over general meetings, or attend general meetings either in person or by proxy, and exercise the voting right in proportion to the quantity of shares they hold;

(III) to supervise, present suggestions on or make inquiries about the business activities of the Company;

(IV) to transfer, gift or pledge their shares in accordance with laws, administrative regulations and the Articles of Association;

(V) to obtain relevant information in accordance with the Articles of Association, including:

1. receiving a copy of the Articles of Association after payment of reasonable expenses;

2. having the right to consult and after paying reasonable expenses, copy the following:

   (1) the share register of all parts of shareholders;

   (2) relevant personal information of directors, supervisors, the general manager and other senior management personnel of the Company;

   (3) report of the Company's issued share capital;

   (4) the latest audited financial statements of the Company, and the reports of the Board, auditors, and the Supervisory Committee;

   (5) special resolutions of the Company;

   (6) report showing the quantity, par value, the highest and lowest prices of each class of shares repurchased by the Company since the last fiscal year, and the total amount of expenses paid by the Company therefor (shall be classified by domestic shares and foreign shares);

   (7) minutes of general meetings (for reference by shareholders only); and

   (8) counterfoils of corporate bonds;

(VI) upon termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the quantity of shares held by them;

(VII) to require the Company to repurchase their shares in the event of objection to resolutions of the general meetings concerning merger or division of the Company;

(VIII) for shareholder(s) severally or jointly holding more than 3% shares of the Company, to submit written provisional proposals to the Board 10 days before a general meeting is convened; and

(IX) to enjoy other rights conferred by laws, administrative regulations, departmental rules or the Articles of Association.

The ordinary shareholders of the Company shall assume the following obligations:

(I) to observe laws, administrative regulations and the Articles of Association;

(II) to pay capital contribution as per the shares subscribed for and the method of subscription;

(III) to bear liability for the Company to the limit of the shares they hold;

(IV) not to withdraw capital contribution after the Company is registered upon approval unless in the circumstances stipulated by laws and regulations; and

(V) to fulfill other obligations stipulated by laws, administrative regulations and the Articles of Association.

Shareholders do not have the obligation to increase any share capital unless otherwise specified or under the conditions accepted by the share subscribers at the time of subscription.

The controlling shareholder and actual controlling person of the Company shall not damage the interests of the Company by making use of their related relationship. Anyone who violates the regulation and causes losses to the Company shall be liable for compensation.

The controlling shareholder and actual controlling person of the Company shall bear duty of good faith to the Company and other shareholders. The controlling shareholder shall exercise rights of investors strictly in accordance with the law. The controlling shareholder and the actual controlling person shall not make use of measures such as profit distribution, asset restructuring, foreign investment, capital occupation, loan guarantee, etc. to damage the legitimate rights and interests of the Company and other shareholders, as well as not to make use of its controlling status to damage the interests of the Company and other shareholders.

The Company must strictly implement relevant requirements of the connected transaction agreement and fund management in conducting connected transactions, fund approval and payment procedures with the controlling shareholder and the related parties.

Pursuant to requirements in the Listing Rules, investment, acquisition or sale of assets, financing, connected transaction, etc. that do not meet criteria for review of shareholders' general meeting or the Board of Directors are not required to be reviewed by the shareholders' general meeting or the Board of Directors, with the relevant disclosure in accordance with requirements of the Stock Exchange.

When directors, supervisors, managers and other senior management personnel of the Company violate requirements of the Articles of Association and assist the controlling shareholder and other related parties to invade the company's assets and damage the interests of the Company and the shareholders, the Board of Directors, in view of seriousness of the case, may take disciplinary action on the directly responsible person and convene shareholders' general meeting to remove the directors with significant responsibilities from office, and dismiss senior management personnel with significant responsibilities. The Board of Directors of the Company can directly claim compensation from the controlling shareholder and pursue its liability when the controlling shareholder make use of its controlling position to cause damage to the Company and other shareholders.

The related shareholders shall not participate in voting, with its number of shares with voting rights represented by them not to be counted in the total number of valid votes, when the shareholders' general meeting is reviewing the relevant connected transaction. The resolution of the shareholders' general meeting shall fully disclose the voting of non-related shareholders.

The related shareholders shall voluntarily evade and abstain their voting rights when shareholders' general meeting is holding the vote. The moderator of the meeting shall request the related shareholders not to vote and shareholder who need not to evade has the right to request the related shareholders not to vote.

For shareholders who are requested not to vote or other shareholders having objections to the nature determination of the connected transactions and the resulting disclosure of interests at the meeting and the avoidance and abstention of voting rights, they may apply for convening temporary meeting of the Board of Directors for decision to allow them not to avoid and the decision is a final decision.

Save for the obligations required by laws, administrative regulations or the listing rules of the stock exchange where the shares of the Company are listed, the Controlling Shareholders, in exercising their rights as shareholders, shall not exercise their voting rights to make any decision detrimental to the interests of all or some of the shareholders concerning the following issues:

(I) to exempt the responsibility of a director or supervisor to act in good faith for maximum interests of the Company;

(II) to approve a director or supervisor to deprive the property of the Company in any form for his own or other's benefits, including but not limited to any opportunities favorable to the Company; or

(III) to approve any director or supervisor to deprive individual rights and interests of other shareholders for his own or other's benefits, including but not limited to any distribution rights and voting rights, but excluding the restructuring of the Company which is submitted to and approved by the general meeting in accordance with the Articles of Association.

General Provisions on General Meetings

The general meeting shall be the authority of power of the Company and shall exercise the following functions and powers according to law:

(I) to decide on the business policies and investment plans of the Company;

(II) to elect and replace directors and supervisors who are not employee representatives, and resolve on the remunerations of directors and supervisors;

(III) to consider and approve the reports of the Board;

(IV) to consider and approve the reports of the Supervisory Committee;

(V) to consider and approve the annual financial budgets and the final accounts of the Company;

(VI) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(VII) to resolve on increase or decrease of the registered capital of the Company;

(VIII) to resolve on the Company's issue of bonds, any class of shares, warrants and other similar securities;

(IX) to resolve on the merger, division, dissolution, liquidation or transformation of the Company;

(X) to amend the Articles of Association;

(XI) to consider and approve proposals made by shareholder(s) severally or jointly holding more than 3% of the voting shares of the Company;

(XII) to resolve on the appointment, reappointment or dismissal of the accounting firm;

(XIII) to consider and approve the external guarantees of the Company that require the approval by the general meetings;

(XIV) to consider and approve the purchase or disposal of major assets or provision of guarantee by the Company within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

(XV) to consider and approve the equity incentive plan;

(XVI) to resolve on matters including investment, acquisition or disposal of assets, financing and connected transactions which, in accordance with the Listing Rules of the Stock Exchange, must be approved by a general meeting;

(XVII) to resolve on other matters which, in accordance with the laws, administrative regulations and Articles of Association, must be approved by a general meeting; and

(XVIII) to resolve on other matters required by the listing rules of the stock exchange where the shares of the Company are listed. The general meeting may authorize or appoint the Board to handle matters authorized or assigned by it.

Any external guarantee of the Company shall be considered and approved by the Board. If the Company provides any guarantee for its shareholders or de facto controllers, it shall make a resolution through the general meeting. When the general meeting considers a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall not participate in voting on the said proposal, and the said proposal shall be approved by other attending shareholders holding more than half of the voting rights.

General meetings are classified into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months after the end of the previous fiscal year.

The Board shall convene an extraordinary general meeting within two months from the date of occurrence of any of the following circumstances:

(I) The number of directors falls short of the minimum number required by the Company Law or is less than two thirds of the number required by the Articles of Association;

(II) The unrecovered losses of the Company amount to one third of the total amount of its paid-up share capital;

(III) It is required by shareholder(s) severally or jointly holding more than 10% shares of the Company in writing;

(IV) The Board deems it necessary, or the Supervisory Committee proposes, to convene an extraordinary general meeting;

(V) It is proposed by more than two independent directors;

(VI) Other circumstances stipulated by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association.

Convening of General Meetings

If shareholders require convening an extraordinary general meeting or a class general meeting, the following procedure shall be followed:

(I) Shareholder(s) severally or jointly holding more than 10% of the voting shares at the general meeting to be convened may sign one or several written requests with the same format and content to propose to the Board to convene an extraordinary general meeting or a class general meeting, and specify the topics of the meeting. The Board shall convene an extraordinary general meeting or a class general meeting responsively after receipt of the aforesaid written request. The aforesaid number of shares held shall be the shares held on the day on which the written request is made by the shareholders.

(II) If the Board fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the shareholders tendering the said request may propose to the Supervisory Committee to convene an extraordinary general meeting or a class general meeting.

(III) If the Supervisory Committee fails to issue a notice of meeting within 30 days after receipt of the aforesaid written request, the shareholder(s) severally or jointly holding more than 10% of the voting shares for more than 90 consecutive days at the general meeting to be convened may by themselves convene a meeting within four months after the Board receives the said request, and the convening procedure shall to the extent possible be the same as the procedure by which the Board convenes general meetings.

Where the shareholders convene a general meeting because the Board or the Supervisory Committee fails to convene the meeting pursuant to the aforesaid provision, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors or supervisors.

Proposals of General Meetings

When the Company convenes a general meeting, shareholder(s) severally or jointly holding more than 3% of the total voting shares of the Company shall have the right to make new proposals in writing to the Company 10 days before the general meeting and submit them to the convener. The convener of the general meeting shall serve a supplementary notice of general meeting to other shareholders within two days after receipt of such proposal, and place the proposal on the agenda for the said meeting and submit the proposal for approval at the general meeting if the said proposal falls within the functions and powers of general meetings.

Where the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of the meeting (inclusive) to notify all the shareholders in the share register of the matters to be considered at the meeting, and the date and venue of the meeting. Any shareholder intending to attend the meeting shall deliver to the Company a written reply showing his intention to attend 20 days prior to the date of the meeting.

The Company shall, based on the written replies received 20 days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares held by shareholders intending to attend the meeting amounts to more than half of the total voting shares of the Company, the Company may convene the general meeting; if not, the Company shall, within five days, notify shareholders again of the matters to be considered at the meeting, and the date and venue of the meeting in the form of public announcements. The Company may then convene the general meeting after such announcements.

An extraordinary general meeting shall not resolve on matters not specified in the announcement.

Resolutions of General Meetings

Resolutions of a general meeting shall be classified as ordinary resolutions and special resolutions. Ordinary resolutions shall be passed by votes representing more than half of the voting rights held by shareholders (including proxies thereof) attending the general meeting. Special resolutions shall be passed by votes representing more than two thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

The following matters shall be approved by ordinary resolutions at a general meeting:

(I) Work reports of the Board and the Supervisory Committee;

(II) Profit distribution plans and loss recovery plans formulated by the Board;

(III) Appointment and dismissal of the members of the Board and the Supervisory Committee (excluding supervisors representing employees), their remunerations and the method of payment thereof;

(IV) Annual financial budgets, final accounts, balance sheets, income statements and other financial statements of the Company;

(V) Other matters than those that should be approved by special resolutions pursuant to laws, administrative regulations or the Articles of Association.

The following matters shall be approved by special resolutions at a general meeting:

(I) Increase or decrease of the share capital of the Company and the issue of any class of shares, warrants and other similar securities;

(II) Issue of corporate bonds of the Company;

(III) Division, merger, dissolution and liquidation of the Company;

(IV) Transformation of the Company;

(V) Purchase or disposal of major assets or provision of guarantee by the Company within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;

(VI) Amendment to the Articles of Association;

(VII) Consideration and approval of the equity incentive plan;

(VIII) Other matters specified in laws, administrative regulations or the Articles of Association and confirmed by an ordinary resolution at a general meeting that they may have material impact on the Company and accordingly shall be approved by special resolutions; and

(IX) Other matters that shall be approved by special resolutions pursuant to the Listing Rules of the Stock Exchange.

SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS

Holders of different classes of shares are class shareholders. Class shareholders shall enjoy rights and assume obligations according to laws, administrative regulations and the Articles of Association. Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.

Any proposed change or annulment by the Company to the rights of class shareholders shall not come into effect unless approved by special resolutions at a general meeting and a separate general meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The following circumstances shall be deemed as change or annulment of the rights of a certain class shareholder:

(I) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;

(II) To change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;

(III) To cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;

(IV) To reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to receive distributions of assets in a liquidation of the Company;

(V) To add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;

(VI) To cancel or reduce rights to receive payments made by the Company in a particular currency attached to the shares of the said class;

(VII) To create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;

(VIII) To restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;

(IX) To issue rights to subscribe for, or to convert into, shares of the said class or another class;

(X) To increase the rights and privileges of the shares of another class;

(XI) To restructure the Company in such a way as to cause shareholders of different classes to bear liabilities disproportionately during the restructuring; and

(XII) To amend or cancel any clause of the Articles of Association.

Where matters specified in (II) to (VIII), (XI) to (XII) of Article 98 of the Articles of Association are involved, the affected class shareholders, whether or not they are entitled to vote at general meetings originally, shall have the right to vote at class general meetings. However, interested shareholder(s) shall not be entitled to vote at such class general meetings.

The special voting procedures for class shareholders shall not apply for the following cases:

(I) Upon approval by special resolutions at a general meeting, the Company issues and plans to issue, at one or more occasions, a total number of shares not exceeding 20% of each of its issued and outstanding domestic shares and overseas listed foreign shares in every 12 months;

(II) The Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is completed within 15 months from the date of approval of the securities regulatory authorities under the State Council; or

(III) With approval of the securities regulatory authorities under the State Council, the holders of domestic shares of the Company transfer their shares to overseas investors and list the said shares on overseas stock exchanges.

DIRECTORS AND THE BOARD

Directors

Directors shall be elected or replaced at general meetings and shall each serve a term of three years. A director may seek reelection upon expiry of the said term. The term of a director shall start from the date on which the said director assumes office to the expiry of the current Board. If the term of office of a director expires but reelection is not made responsively, the said director shall continue performing its duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a newly-elected director is on duty.

The Company shall have independent directors, who shall serve a term of three years and may seek reelection upon expiry of the said term. At least one independent director of the Company shall be accounting professional. If an independent non-executive director has served a term of nine years, whether he will be reappointed shall be considered by shareholders in the form of an independent resolution. The documents sent to shareholders together with the resolution shall specify the reasons why the Board believes the person is still independent and why he should be reelected.

The Board

The Company shall have a Board consisting of 11 directors. The number of independent directors shall be at least three at any time, and not less than one third of the total number of directors.

The Board shall exercise the following functions and powers:

(I) To convene general meetings, propose to general meetings to approve relevant matters and report to general meetings on its work;

(II) To execute resolutions of general meetings;

(III) To decide on the business plans and investment plans of the Company;

(IV) To formulate the annual financial budgets and final accounts of the Company;

(V) To formulate the profit distribution plans and loss recovery plans of the Company;

(VI) To formulate plans for increase or decrease of the Company's registered capital, and plans for issue of the corporate bonds or other securities and listing;

(VII) To formulate plans for acquisition and disposal of major assets, repurchase of shares of the Company, or merger, division, dissolution and transformation of the Company;

(VIII) To resolve on the establishment of the Company's internal management bodies;

(IX) To appoint or dismiss the Company's general manager; to appoint or dismiss the Company's senior management personnel such as deputy general manager, secretary to the Board and chief financial officer as nominated;

(X) To determine remunerations of the aforesaid senior management personnel;

(XI) Set up the basic management system of the Company;

(XII) To formulate the plan for any amendment to the Articles of Association;

(XIII) To resolve on matters including investment, acquisition or disposal of assets, financing and connected transactions which, in accordance with the Listing Rules of the Stock Exchange, must be approved by the Board;

(XIV) Establish reasonable, effective, fair and appropriate corporate governance mechanism and governance structure, with evaluation and discussion to safeguard the rights of all shareholders;

(XV) To resolve on other important matters than those which must be resolved on at general meetings pursuant to the Company Law and the Articles of Association; and

(XVI) To exercise other functions and powers conferred by laws, regulations, Listing Rules of the Stock Exchange, the Articles of Association or the general meetings.

The Board may resolve on the matters specified in the preceding paragraph by approval of more than half of the directors save for the matters specified in (VI), (VII) and (XII), in which approval of two thirds of the directors is required.

Resolution on connected transaction by the Board of Directors must be signed by independent director to take effect.

The chairman of the Board shall exercise the following functions and powers:

(I) To preside over general meetings, and to convene and preside over Board meetings;

(II) To supervise and examine the implementation of the resolutions of the Board;

(III) To sign the shares, bonds and other securities of the Company;

(IV) To sign important documents of the Board and other documents which should be signed by the legal representative of the Company and to exercise function and powers of the legal representative;

(V) In the event of force majeure or major emergency which makes it impossible to hold a Board meeting in time, to exercise the special right of disposal in respect of the business of the Company in compliance with laws and in the interests of the Company, and responsively report to the Board afterwards;

(VI) To organize formulation of various systems for operation of the Board and coordinate the operation of the Board;

(VII) To listen to the regular or irregular work reports of senior management personnel of the Company and to provide guiding opinions on the execution of the Board resolutions;

(VIII) To nominate candidates for general manager and secretary to the Board of the Company;

(IX) To exercise other functions and powers specified in the laws, regulations or the Articles of Association and conferred by the Board.

The Board shall meet regularly. Board meetings shall be held at least four times a year, and shall be convened by the chairman of the Board. A written notice shall be sent to all the directors at least 14 days before the meeting.

In any of the following circumstances, the chairman shall convene an extraordinary Board meeting within five days after receipt of the proposal:

(I) Proposed by shareholders representing more than 10% of the voting rights;

(II) Proposed by at least one third of the directors;

(III) Proposed by the chairman of the Board;

(IV) Proposed by more than two independent directors;

(V) Proposed by the Supervisory Committee; or

(VI) Proposed by the general manager.

A notice shall be sent to all the directors, supervisors and general manager 14 days before a regular Board meeting and within a reasonable period before an extraordinary Board meeting.

A Board meeting shall be attended by more than half of the directors. Every director shall have the right to one vote. Save as otherwise specified in laws, administrative regulations and the Articles of Association, resolutions made by the Board shall be approved by more than half of the directors. If the pros and cons are the same, the chairman of the Board shall be entitled to an additional vote.

Directors shall attend Board meetings in person. Where any director cannot attend the meeting for any reason, he may appoint another director in writing to attend the meeting on his behalf, with the power of attorney specifying the scope of authorization.

The directors shall be responsible for the resolutions passed at Board meetings. Any director who votes for a resolution which runs counter to the relevant laws, administrative regulations or the Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation. If a director has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting, the said director can be exempt from liability.

Special Committees under the Board

The Board has established a Strategic Development Committee, Audit and Compliance Committee, Remuneration and Appraisal Committee and Nomination Committee. The duties, personnel composition and rules of procedure of the special committees shall be determined by the Board. The Board may set other special committees as needed.

Secretary to the Board

The Company shall have one secretary to the Board. The secretary shall be a member of senior management of the Company.

The secretary to the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman and appointed or dismissed by the Board. The major duties of the secretary to the Board shall be:

(I) ensuring the Company has complete organizational documents and records; keeping and managing information about shareholders; and helping the directors with the daily work of the Board;

(II) organizing and arranging for Board meetings and general meetings; preparing meeting documents and handling relevant meeting affairs; making minutes of the meetings and ensuring their accuracy; keeping meeting documents and minutes; taking initiative to monitor the implementation of relevant resolutions; and reporting any important issues occurring during the process of implementation to the Board and giving relevant advice;

(III) acting as the liaison officer of the Company with the securities regulatory authorities, responsible for organizing, preparing and timely submitting the reports and documents required by the regulatory authorities as well as accepting and organizing the implementation of any assignment from the regulatory authorities;

(IV) coordinating and organizing the Company's information disclosure; establishing and improving the information disclosure system; attending all of the Company's meetings involving information disclosure; and keeping informed of the Company's material operation decisions and relevant information;

(V) ensuring that the share register of the Company is established appropriately and that the persons who have the right of access to the relevant records and documents of the Company obtain the same in due time; and

(VI) exercising other functions and powers as conferred by the Board, as well as other functions and powers as required by laws, regulations and the stock exchange where the shares of the Company are listed.

The directors or other senior management personnel of the Company may serve concurrently as secretary to the Board. In the event a director serves concurrently as secretary to the Board, where any act requires to be executed by the director and the secretary to the Board separately, the said director serving concurrently as secretary to the Board shall not execute the said act in both capacities.

General Manager and Other Senior Management Personnel

The Company shall have one general manager and several deputy general managers, who shall be nominated by the general manager. A director may serve concurrently as general manager, deputy general manager, secretary to the Board or other senior management personnel. The general manager, deputy general manager, secretary to the Board, chief financial officer or other senior management personnel are appointed or dismissed by the Board.

The general manager shall be accountable to the Board and exercises the following functions and powers:

(I) to manage the business operations of the Company and report to the Board;

(II) to organize to execute resolutions of the Board, the annual business plans and investment plans of the Company;

(III) to formulate the Company's annual financial budgets and final accounting schemes and provide suggestions to the Board;

(IV) to establish the basic management system and internal management structure of the Company;

(V) to formulate the Company's specific rules;

(VI) to propose to the Board to appoint or dismiss the deputy general manager, secretary to the Board, chief financial officer and other senior management personnel;

(VII) to appoint or dismiss management personnel and employees other than those to be appointed or dismissed by the Board;

(VIII) to propose to convene an extraordinary Board meeting;

(IX) to decide on other matters of the Company as authorized by the Board;

(X) to decide on investment, acquisition, disposal or financing projects other than those to be decided by the Board and the general meeting;

(XI) to decide on the establishment, change and cancelation of the Company's branches, appointment and dismissal of the person-in-charge and financial personnel, and change of business address or place of operation; and

(XII) to exercise other functions and powers conferred in the Articles of Association and by the Board.

The general manager shall attend Board meetings, and if he is not a director, shall not have any voting right at Board meetings.

SUPERVISORS AND THE SUPERVISORY COMMITTEE

Supervisors

The membership of the Supervisory Committee shall include two shareholder representatives and one employee representative. The employee representatives in the Supervisory Committee shall be elected democratically at employee representatives' meetings, employees' meetings or in other forms. The directors and senior management personnel shall not serve as supervisors concurrently.

Supervisory Committee

The Company shall have a Supervisory Committee comprising three supervisors, including one chairman. The term of office of a supervisor shall be three years, and is renewable upon re-election.

The Supervisory Committee shall be accountable to the general meeting and shall exercise the following functions and powers:

(I) to supervise the directors, the general manager and other senior management personnel to ensure that they do not act in contravention of any laws, administrative regulations or the Articles of Association during the performance of their duties, and to propose removal of directors and senior management personnel who have violated laws, administrative regulations, the Articles of Association or the resolutions of the general meetings;

(II) to require the directors and senior management personnel to restore damages they have caused to the interests of the Company;

(III) to examine the financial affairs of the Company;

(IV) to check financial information such as financial reports, business reports and profit distribution schemes to be submitted by the Board to the general meeting, and if there are any queries, engage certified public accountants or practicing auditors in the name of the Company to assist in the review;

(V) to propose the convening of extraordinary general meetings and, in case the Board does not perform the obligations to convene and preside over the general meetings in accordance with the Company Law, to convene and preside over the general meetings;

(VI) to present motions to general meetings;

(VII) to propose to convene an extraordinary Board meeting;

(VIII) to initiate legal proceedings against the Company's directors and senior management personnel in accordance with Article 151 of the Company Law; and

(IX) to exercise other functions and powers as specified in laws, administrative regulations and the Articles of Association of the Company.

Supervisors shall attend Board meetings as a nonvoting delegate.

A regular meeting of the Supervisory Committee shall be held at least once every six months, and shall be convened by the chairman of the Supervisory Committee. Before the convening of a regular or extraordinary meeting of the Supervisory Committee, the office of the Supervisory Committee shall send a notice of the meeting to all supervisors by direct delivery, fax, email or other means within a reasonable period of time. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Resolutions of the Supervisory Committee

At meetings of the Supervisory Committee, each attendant shall cast one vote, by open ballot or in writing or otherwise. Resolutions of the Supervisory Committee shall be approved by more than two thirds of the members of the Supervisory Committee.

Qualifications and Obligations of Directors, Supervisors and Senior Management Personnel

A person shall not serve as director, supervisor, general manager or other senior management personnel of the Company if he:

(I) is without capacity or with limited capacity for civil conduct;

(II) was sentenced due to taking graft or committing bribery, embezzling property, or disrupting socialist market economic order and it has been less than five years since completion of the term of imprisonment, or was deprived of political rights due to offense and it has been less than five years since completion of the enforcement of the penalty;

(III) was once the director, factory director or manager of any enterprise which was bankrupt and was responsible for the bankruptcy of such enterprise, and it is less than three years since the completion of bankruptcy liquidation of the enterprise;

(IV) was once the legal representative of any enterprise which was revoked business license and ordered to close down due to illegal activities and was responsible for such illegal activities, and it is less than three years since the revocation of business license;

(V) has large outstanding debts;

(VI) is under investigation by the judiciary authority for violation of the criminal law;

(VII) is disqualified as corporate leader by laws and regulations;

(VIII) is not a natural person;

(IX) was ruled by the relevant competent authority that he has violated relevant securities regulations and committed any fraudulent or dishonest act, and it is less than five years since the ruling; or

(X) is disqualified as corporate leader by relevant laws and regulations at the place where the shares of the Company are listed.

The validity of an act of a director, general manager or other senior management personnel on behalf of the Company for a goodwill third person is not affected by any incompliance in the appointment, election or qualification thereof.

In fulfilling duties, the directors, supervisors, general manager and other senior management personnel shall observe the principle of honesty and shall not set themselves in a position where their own interests conflict with their obligations. The said principle includes (but is not limited to) the following obligations:

(I) To sincerely act in the best interest of the Company;

(II) To exercise their rights within their terms of reference;

(III) To exercise personally the discretion vested in them and not to allow themselves to be controlled by others and, save as permitted by laws or administrative regulations or with the informed consent of shareholders given at a general meeting, not to transfer the exercise of their discretion to others;

(IV) To be equitable towards shareholders of the same class and fair towards shareholders of different classes;

(V) Not to conclude any contract, conduct any transaction or make any arrangement with the Company saved as specified in the Articles of Association or with the informed consent of shareholders given at a general meeting;

(VI) Not to seek personal gains by using the property of the Company in any form without the informed consent of shareholders given at a general meeting;

(VII) Not to abuse official powers to accept bribes or other unlawful income, and not to expropriate the Company's property in any form, including (but not limited to) opportunity favorable to the Company;

(VIII) Not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given at a general meeting;

(IX) To observe the Articles of Association, fulfill their duties honestly, protect the interests of the Company, and not to seek personal gains by using their positions and powers in the Company;

(X) Not to compete with the Company in any form without the informed consent of shareholders given at a general meeting;

(XI) Not to appropriate the monies of the Company or deposit the Company's assets or monies in the accounts of their own or others, and not to lend the Company's monies to others or use the Company's assets as security for the shareholders of the Company or other persons in violation of the Articles of Association and without the consent of the general meeting or the Board;

(XII) Without the informed consent of the shareholders at a general meeting, not to disclose any confidential information related to the Company acquired by them during the term of their office; not to use the said information save for the interests of the Company; however, they may disclose such information to a court or other governmental regulatory authorities in the following circumstances:

1. As required by law;

2. As required for the purpose of public interest;

3. As required for the interests of the said directors, supervisors, the general manager and other senior management personnel.

Earnings obtained by the persons mentioned herein counter to the provisions herein shall belong to the Company, and the said persons shall be liable for compensation for any loss incurred to the Company.

If the directors, supervisors, the general manager or other senior management personnel of the Company have any direct or indirect material interests in any contract, transaction or arrangement already concluded or under planning with the Company, they shall responsively disclose the nature and extent of the said interests to the Board regardless whether the relevant matters are subject to approval by the Board in normal circumstances.

The Company shall not pay taxes in any form for its directors, supervisors, the general manager or other senior management personnel.

The Company shall not directly or indirectly provide loan or loan guarantee to the directors, supervisors, the general manager or other senior management personnel of the Company or its Controlling Shareholders, or to the connected persons of the aforesaid persons.

The preceding paragraph does not apply to the following circumstances:

(I) The Company provides loan or loan guarantee for its subsidiaries;

(II) The Company, in accordance with the engagement contracts approved at the general meeting, provides loan, loan guarantee or other monies to the directors, supervisors, the general manager and other senior management personnel of the Company so that they may pay the expenses incurred for the Company's purpose or for fulfilling their duties in the Company; and

(III) If the normal business scope of the Company includes provision of loan and loan guarantee, the Company may provide loan and loan guarantee to the relevant directors, supervisors, the general manager and other senior management personnel, but the conditions for providing loan or loan guarantee shall be normal business conditions.

If the Company provides loan in violation of the preceding article, the recipient of the loan shall return the same immediately, regardless of the conditions of such loan.

If the directors, supervisors, the general manager or other senior management personnel fail to fulfill the obligations to the Company, the Company shall be entitled to take the following actions in addition to the rights and remedial measures under the relevant laws and administrative regulations:

(I) require the directors, supervisors, the general manager or other senior management personnel to compensate the Company for the losses arising from their neglect of duty;

(II) cancel the contracts or transactions concluded between the Company and the directors, supervisors, the general manager or other senior management personnel of the Company, or between the Company and a third person (if the third person knows or is supposed to know that the directors, supervisors, the general manager or other senior management personnel representing the Company have breached their obligations to the Company);

(III) require relevant directors, supervisors, the general manager or other senior management personnel to surrender gains arising from breach of obligations;

(IV) recover monies, including (but not limited to) commissions, received by relevant directors, supervisors, the general manager or other senior management personnel but receivable by the Company;

(V) require the relevant directors, supervisors, the general manager or other senior management personnel to surrender interest earned or likely to be earned from monies payable to the Company; or

(VI) institute legal proceedings to rule that the properties obtained by the relevant directors, supervisors, the general manager or other senior management personnel from breach of obligations shall belong to the Company.

The Company shall conclude written contracts with its directors, supervisors and senior management in relation to their remunerations, subject to the prior approval of the general meeting or the Board.

The contract concerning the remunerations between the Company and its directors or supervisors shall provide that in the event that the Company is acquired, the directors and supervisors shall, subject to the prior approval of the general meeting, be entitled to receive compensation or other monies in respect of the loss of office or retirement.

FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Financial Accounting System

The Company shall formulate its financial accounting system in accordance with relevant laws, administrative regulations and the provisions of the relevant authorities of the state.

The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas listing place. Significant discrepancies present in financial statements prepared with two accounting standards should be indicated in the notes to the financial statements.

The Company shall publish its financial reports prepared in accordance with international accounting standards or the accounting standards of the overseas listing place twice every fiscal year. The interim financial report shall be published within three months after the first six months of each fiscal year and the annual financial report shall be published within four months days after each fiscal year.

Profit Distribution

The Company shall withdraw 10% of the annual profits as the statutory reserve fund the Company. Such withdrawal may be stopped when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

If the statutory reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory reserve fund is withdrawn as per the preceding paragraph.

After statutory reserve fund is withdrawn out of the after-tax profits, discretionary reserve fund may also be withdrawn out of the same as per a resolution made at a general meeting.

The after-tax profits remaining after makeup of losses and withdrawal of capital reserves shall be profits distributable to shareholders, which shall be distributed by the Company to the shareholders in proportion to their shareholding according to the resolution of the general meeting.

If the general meeting, in violation of the provision in the preceding paragraph, distributes profits to shareholders before recovering losses and withdrawing statutory reserve fund, the profits thus distributed shall be returned to the Company.

The shares of the Company held by the Company is not entitled for profit distribution.

The capital reserve shall include:

(I) Premium arising from issue above the par value of the stock; and

(II) Other revenue required by the financial authority under the State Council to be stated as capital reserve.

The capital reserve of the Company shall be used to make up for the losses, enhance the operating scale or increase the capital of the Company. However, the capital reserve shall not be used to recover the losses of the Company.

When statutory reserve fund is converted into capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company before such conversion.

The Company may distribute dividends in either (both) of the following forms:

(I) Cash; and

(II) Shares.

The Company shall appoint receiving agents for shareholders of overseas listed foreign shares. The receiving agents shall, on behalf of the related shareholders, collect dividends and other payables distributed by the Company for the overseas listed foreign shares, and keep the said monies for payment to the said shareholders.

The receiving agents appointed by the Company shall meet the laws of the listing place or relevant regulations of the stock exchange.

The receiving agents appointed by the Company for holders of foreign shares listed on SEHK shall be trust companies registered pursuant to *Trustee Ordinance* of Hong Kong.

Accounting Firm

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and review the Company's other financial reports.

The period of employment of an accounting firm employed by the Company shall start from the closure of this annual general meeting and end at the closure of the next annual general meeting.

The accounting firm appointed by the Company shall have the following rights:

(I) to access the account books, records or vouchers, and to ask directors, general manager or other senior management to provide relevant documents and explanations;

(II) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the fulfillment of its duties; and

(III) to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

The Company shall undertake to provide the accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

The general meeting may by ordinary resolution remove the accounting firms of the Company before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm but without prejudicing the accounting firm's right to claim for damages which arise from its removal. In the event of any rights claimed by the accounting firm against the Company, the said rights shall not be affected.

The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the general meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the relevant general meeting. If the accounting firm tenders its resignation, it shall state to the general meeting whether the Company has improper matters.

If the accounting firm wants to resign, it may resign from its position by placing a written notice of resignation at the legal address of the Company. The said notice shall take effect as on the date of placement of such notice at the legal address of the Company, or on a later date specified in the notice. Such notice shall contain the following statements:

1. a statement that its resignation does not involve any information to be disclosed to the shareholders or creditors of the Company; or

2. a statement that any such information is to be disclosed.

The Company shall send a copy of the written notice mentioned in preceding paragraph to relevant competent authority within 14 days after receipt of the said notice. If the notice contains the statement mentioned in item 2 herein, the Company shall keep a copy of the said statement in the Company for reference by the shareholders. The Company shall also send a copy of such statement by prepaid mail to all holders of overseas listed foreign shares (shareholders who have the right to obtain the financial position reports of the Company) at the address registered in the share register.

If the notice of resignation of the accounting firm contains the statement mentioned in item 2 above, the accounting firm may require the Board to convene an extraordinary general meeting to listen to its explanation about the resignation.

NOTICE

The notice of the Company may be served as follows:

(I) by personal delivery;

(II) by post;

(III) by fax or email;

(IV) by announcement on the websites designated by the Company, Stock Exchange and National Equities Exchange and Quotations Co., Ltd. in accordance with the laws, administrative regulations and listing rules of the stock exchange where the shares of the Company are listed;

(V) by announcement;

(VI) by other means agreed before between the Company and the recipient or approved by the recipient upon receipt of notice; and

(VII) by other means approved by the relevant regulatory authority at the place where the Company's shares are listed or stipulated in the Articles of Association.

Where a notice of the Company is served by announcement, the said notice shall be deemed as received by the relevant persons once the said notice is announced. The company will communicate with investors through multiple channels and at multiple levels, with the communication means as convenient and effective as possible for investors to participate. Means of communication between the Company and investors include but not limited to the followings:

(I) Announcements, including regular reports and interim reports;

(II) The shareholders' general meetings;

(III) Website of the Company;

(IV) Consultation by phone; and

(V) Other means of communication.

MERGER AND DIVISION OF THE COMPANY

In respect of the merger or division of the Company, the Board of the Company shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval formalities pursuant to laws. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his shares at a fair price. The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders.

The aforesaid document shall also be sent by mail to holders of overseas listed foreign shares.

Merger of the Company may take the form of absorption or establishment of a new company. Where the Company is divided, its properties shall be divided accordingly. Change in registered particulars arising from a merger or division of the Company shall be registered with the companies registration authority according to law. If the Company is dissolved, it shall be deregistered according to law. If a new company is established, such establishment shall be registered according to law.

DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company dissolves for the following reasons:

(I) A special resolution for dissolution is passed at a general meeting;

(II) Merger or division of the Company entails dissolution;

(III) The business license is revoked according to law, or the Company is ordered to close or is canceled;

(IV) The Company has been ordered to close down for violation of laws or administrative regulations; or

(V) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

If the Company is dissolved pursuant to (I), (III) or (V) above, it shall establish a liquidation committee within 15 days after the dissolution circumstance arises. The liquidation committee shall comprise members determined by the directors or the general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Where the Board proposes to liquidate the Company for any reason other than the declaration of its own insolvency, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

The liquidation committee shall exercise the following powers during the liquidation period:

(I) to verify the Company's assets and to prepare a balance sheet and an inventory of assets;

(II) to inform creditors by notice or announcement;

(III) to deal with and settle any outstanding business of relevant company;

(IV) to pay all outstanding taxes and the taxes arising during liquidation;

(V) to settle claims and debts;

(VI) to handle the surplus assets of the Company after its debts have been paid off; and

(VII) to represent the Company in civil lawsuits.

The liquidation committee shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The creditors shall declare their rights to the liquidation committee within 30 days after receipt of the notice or within 45 days after announcement if the creditors haven't received the notice.

The creditors shall explain matters relating to their rights and provide relevant evidential documents. The liquidation committee shall register the creditor's rights.

In the creditor's rights declaration period, the liquidation committee shall not make repayment to the creditors.

After it has verified the assets of the Company and prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general meeting or to the relevant competent authority for confirmation.

The assets of the Company shall be liquidated in the following order of priority: (i) to pay the cost of liquidation; (ii) to pay staff wages, social insurance expenditures and statutory compensation; (iii) to pay outstanding taxes; and (iv) to dispose of other debts of the Company.

Any remaining assets of the Company after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

The Company shall not conduct any new business activity in the course of liquidation.

After the liquidation committee has verified the Company's assets and prepared a balance sheet and an inventory of assets, if it discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately apply to the people's court to declare the Company bankrupt.

Following a ruling by the people's court that the Company is bankrupt, the liquidation committee shall transfer to the people's court all matters relating to the liquidation.

After completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, an income statement and an account book in respect of the liquidation period and, after verification by the Chinese certified public accountants, shall submit the same to the general meeting or people's court for confirmation. The liquidation committee shall, within 30 days after obtaining confirmation from the general meeting or people's court, submit the aforesaid documentation to the companies registration authority, and apply to cancel registration and announce termination of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend the Articles of Association pursuant to laws, administrative regulations and the Articles of Association.

If the amendment to the Articles of Association involves any content of Mandatory Provisions, the said amendment shall be subject to approval by the company examination and approval authority authorized by the State Council; if the amendment involves registration of the Company, the involved change shall be registered pursuant to law.

SETTLEMENT OF DISPUTES

The Company shall settle disputes following the rules below:

(I) Where any dispute or claim arises between a holder of overseas listed foreign shares and the Company; or between a holder of overseas listed foreign shares and a director, supervisor, general manager or senior management of the Company; or between a holder of overseas listed foreign shares and a holder of domestic shares, out of the rights and obligations prescribed in connection with the affairs of the Company by the Articles of Association, the Company Law and other relevant laws and administrative regulations, the parties concerned shall submit such dispute or claim to arbitration.

Where a dispute or claim referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall, where such person is the Company, the shareholders, directors, supervisors, general manager or senior management of the Company, agree with the arbitration.

Disputes in respect of who is the shareholder and those in relation to share register need not be resolved by arbitration.

(II) The applicant for arbitration may select Shanghai Arbitration Commission for arbitration following the arbitration rules thereof or select Hong Kong International Arbitration Centre for arbitration following the securities arbitration rules thereof. Once a claimant refers a dispute or claim to arbitration, the other party must carry out arbitration in the arbitral authority elected by the claimant.

If the claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC (exclusive of Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan Region) laws save as otherwise specified by laws and administrative regulations.

(IV) The arbitration award made by the arbitral authority shall be final and binding on both parties.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

Our Company was established on December 5, 2007 as a limited liability company in the PRC and was converted into a joint stock limited liability company on April 24, 2014. Our Company has established a principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and our Company was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on July 19, 2018. Ms. Yu Wing Sze has been appointed as the authorized representative of the Company for acceptance of service of process and notices on behalf of the Company in Hong Kong. The address for acceptance of service of process and notices on the Company in Hong Kong is the same as its registered place of business in Hong Kong. Our Domestic Shares have been quoted on the NEEQ since December 31, 2014.

As our Company was established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of PRC laws and principal regulatory provisions is set out in Appendix IV to this prospectus. A summary of the Articles of Association is set out in Appendix VI to this prospectus.

2. Changes in the Registered Capital of the Company

Our registered capital has undergone the following changes since our establishment.

On December 5, 2007, the date of our establishment, our registered capital was RMB500,000, which had been fully paid up and was owned as to 60% and 40% by Mr. Ye and an independent third party, respectively.

On October 20, 2011, our then Shareholder, Shengda Group, resolved to increase the registered capital of our Company from RMB500,000 to RMB2,000,000 by subscription of registered capital of RMB1,500,000 by Shengda Group at a consideration of RMB1,500,000. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on October 28, 2011.

On May 22, 2012, our then Shareholder, Shengda Group, resolved to increase the registered capital of our Company from RMB2,000,000 to RMB9,000,000 by subscription of registered capital of RMB7,000,000 by Shengda Group at a consideration of RMB7,000,000. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on June 6, 2012.

On April 28, 2013, our then Shareholder, Shengda Group, resolved to increase the registered capital of our Company from RMB9,000,000 to RMB50,000,000 by subscription of registered capital of RMB41,000,000 by Shengda Group at a consideration of RMB41,000,000. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on May 24, 2013.

On April 24, 2014, our Company was converted into a joint stock limited liability company under the PRC Company Law, with a registered capital of RMB50,000,000, divided into 50,000,000 Domestic Shares of nominal value of RMB1.00 each, all of which were fully paid up.

On October 18, 2014, our then Shareholders resolved to offer 1,000,000 Domestic Shares of RMB10.0 each by way of private placing to an individual investor at a consideration of RMB10,000,000. As a result, the registered capital of our Company increased to RMB51,000,000, divided into 51,000,000 Domestic Shares with a nominal value of RMB1.00 each. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on January 15, 2015.

On January 29, 2015, our then Shareholders resolved to increase the registered capital of our Company by issuing 3,600,000 new Domestic Shares at a subscription price of RMB10.0 per Domestic Share to two individuals and two institutional investors at an aggregate consideration of RMB36,000,000. Upon completion of the capital increase, our registered capital increased from RMB51,000,000 to RMB54,600,000, divided into 54,600,000 Domestic Shares with a nominal value of RMB1.00 each. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on April 3, 2015.

On February 4, 2015, our then Shareholders resolved to increase the registered capital of our Company by issuing 2,000,000 new Domestic Shares at a subscription price of RMB6.66 per Domestic Share to nine institutional investors at an aggregate consideration of RMB11,320,000. Upon completion of the capital increase, the registered capital of our Company increased from RMB54,600,000 to RMB56,600,000, divided into 56,600,000 Domestic Shares with a nominal value of RMB1.00 each. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on April 13, 2015.

On April 24, 2015, our then Shareholders resolved to increase our registered capital of our Company by issuing 4,000,000 new Domestic Shares at a subscription price of RMB2.0 per Domestic Share to Ningbo Shengning at a consideration of RMB8,000,000. Upon completion of the capital increase, the registered capital of our Company increased from RMB56,600,000 to RMB60,600,000, divided into 60,600,000 Domestic Shares with a nominal value of RMB1.00 each. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on October 15, 2015.

On December 3, 2015, our then Shareholders resolved to increase the registered capital of our Company by issuing 3,340,000 new Domestic Shares at a subscription price of RMB20.0 per Domestic Share to seven individuals and five institutional investors at an aggregate consideration of RMB66,800,000. Upon completion of the capital increase, the registered capital of our Company increased from RMB60,600,000 to RMB63,940,000, divided into 63,940,000 Domestic Shares with a nominal value of RMB1.00 each. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on July 21, 2016.

On August 1, 2016, our then Shareholders resolved to increasing the registered capital of our Company by way of the Capitalization Issue. Upon completion of the Capitalization Issue, the registered capital of our Company was increased from RMB63,940,000 to RMB127,880,000, divided into 127,880,000 Domestic Shares with a nominal value of RMB1.00 each. The registration of such increase of registered capital with the Administration for Industry and Commerce was completed on September 14, 2016.

Save as disclosed above, up to the Latest Practicable Date, there had been no alteration in the registered capital of our Company since establishment.

Immediately upon completion of the Global Offering, the registered capital of our Company will be RMB170,506,600, made up of 127,880,000 Domestic Shares and 42,626,600 H Shares, with nominal value of RMB1.00 each, assuming the Over-allotment Option is not exercised, and RMB176,900,400, made up of 127,880,000 Domestic Shares and 49,020,400 H Shares, with nominal value of RMB1.00 each, assuming the Over-allotment Option is exercised in full.

For further details, see "History and Corporate Structure."

3. Resolutions Passed at our Company's Extraordinary General Meetings

At the extraordinary general meetings held on May 29, 2018 and July 27, 2018, among other things, the following resolutions were passed by our Shareholders:

(a) approving the issue of H Shares by our Company and the Listing, whereby the number of H Shares to be issued shall not exceed 25% of the total issued share capital of the Company; the issue price of the H Shares will be decided upon completion of the book building process for the Listing; and the granting of the Over-allotment Option in respect of no more than 15% of the number of H Shares issued pursuant to the Global Offering;

(b) authorizing the Board to handle all matters relating to, among other thing, the issue of H Shares and the Listing; and

(c) subject to the Listing, the Articles of Association has been approved and conditionally adopted, which shall only become effective on the Listing Date and the Board has been authorized to amend the Articles of Association according to the relevant laws and regulations and requirements of relevant regulatory authorities.

B. OUR SUBSIDIARIES

Our Company's subsidiaries include those referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus and Shanghai Qianjing Automobile Services Co., Ltd.* (上海乾京汽車服務有限公司), which was incorporated after the Track Record Period.

Save as disclosed in "History and Corporate Structure," there has been no alteration in the share capital to any of our subsidiaries within the two years preceding to the date of this prospectus.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

Our Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a share transfer agreement dated June 28, 2017 entered into between our Company and Shengda Group for the transfer of 75% of the issued share capital in Shengshi Dalian Financial Leasing from our Company to Shengda Group at a consideration of RMB89,000,000;

(b) the Deed of Indemnity;

(c) the Non-Competition Undertaking;

(d) a cornerstone investment agreement dated March 15, 2019, entered into by and among our Company, PICC P&C, the Joint Sponsors and the Joint Representatives, pursuant to which PICC P&C has agreed to subscribe for such number of H Shares at the Offer Price, in the amount of the Hong Kong dollar equivalent of US$10.0 million;

(e) a cornerstone investment agreement dated March 15, 2019 entered into by and among our Company, Happy Crown Group Limited, Mr. Zhou Minghua (as guarantor), the Joint Sponsors and the Joint Representatives, pursuant to which Happy Crown Group Limited has agreed to subscribe for such number of H Shares at the Offer Price, in the amount of the Hong Kong dollar equivalent of US$20.0 million; and

(f) the Hong Kong Underwriting Agreement.

2. Our Intellectual Property Rights

As of the Latest Practicable Date, our Group had registered or applied for registration of the following intellectual property rights which are material to our business:

(a) Trademarks

As of the Latest Practicable Date, our Group had registered the following material trademarks:

No.	Trademark	Class	Registered owner	Place of registration	Registration number	Expiry date
1.	盛世大联车管家 SUN CAR 您身边的汽车服务专家	41	Shengshi Dalian Automobile	PRC	23112456	May 27, 2028
2.	盛世大联车管家 SUN CAR 您身边的汽车服务专家	37	Shengshi Dalian Automobile	PRC	23112459	September 20, 2028
3.	盛世大联车管家 SUN CAR 您身边的汽车服务专家	35	Shengshi Dalian Automobile	PRC	23112461	September 20, 2028
4.	盛世大联车管家 SUN CAR 您身边的汽车服务专家	12	Shengshi Dalian Automobile	PRC	23112462	September 20, 2028
5.	盛世大联车管家 盛世大联车管家 盛世大聯車管家 盛世大聯車管家	12, 35, 36, 37	Our Company	Hong Kong	304538232	May 23, 2028
6.	盛大车管家 盛大车管家 盛大車管家 盛大車管家	12, 35, 36, 37	Our Company	Hong Kong	304538241	May 23, 2028

As of the Latest Practicable Date, we had applied for registration of the following material trademark:

No.	Trademark	Class	Applicant	Place of application	Application number	Application date
1.	盛世大联	36	Our Company	PRC	27347376	November 8, 2017

(b) Domain Names

As of the Latest Practicable Date, our Group had registered the following domain names which, in the opinion of our Directors, are material to our business:

Domain Name	Registered Owner	Date of registration	Expiry Date
auto1768.com	Our Company	February 23, 2011	February 23, 2024
4008801768.com	Our Company	April 12, 2007	April 12, 2019

(c) Copyrights

As of the Latest Practicable Date, our Group had registered the following copyrights which, in the opinion of our Directors, are material to our business:

No.	Registration No.	Name of Computer Software	Registered Owner	Publication Date
1	2016SR028109	Sheng Shi Da Lian Automatic Rapid Calculation Service Platform Software V.1.0.1* (盛世大聯自動化速算服務平台軟件V1.0.1)	Our Company	December 30, 2015
2	2016SR028110	Automobile Insurance APP Huatai Docking Project Software V.3.6* (車險APP華泰對接項目軟件V3.6)	Our Company	December 30, 2015
3	2016SR028105	Sheng Shi Da Lian Automobile Insurance Operation Support Platform Software V1.0.1* (盛世大聯車險運營支撐平台軟件V1.0.1)	Our Company	December 31, 2015
4	2016SR028106	Automobile Insurance APP Samsung Docking Project Software V3.6* (車險APP三星對接項目軟件V3.6)	Our Company	December 31, 2015
5	2016SR028107	Sheng Shi Da Lian Automobile Insurance WeChat Marketing Project Software V1.0.1* (盛世大聯微信版網銷車險項目軟件V1.0.1)	Our Company	December 31, 2015

No.	Registration No.	Name of Computer Software	Registered Owner	Publication Date
6	2016SR028108	PC E-marketing Pacific Embedding Docking Project Software V.1.0.1* (網銷PC太平洋內嵌對接項目軟件V1.0.1)	Our Company	December 31, 2015
7	2016SR030331	Sheng Shi Da Lian Automobile Insurance Communication Platform Software V1.0.1* (盛世大聯車險通訊平台軟件V1.0.1)	Our Company	December 31, 2015
8	2016SR030410	Automobile Insurance APP Pacific Docking Project Software V3.6* (車險APP太平洋對接項目軟件V3.6)	Our Company	December 31, 2015
9	2016SR376955	AXA Tianping Automobile Insurance Docking Management Software* (安盛天平車險對接管理軟件V1.0)	Our Company	November 10, 2016
10	2016SR376998	Sinosafe Automobile Insurance Order Docking Management Software V1.0* (華安車險訂單對接管理軟件V1.0)	Our Company	November 10, 2016
11	2016SR377004	China Life Property & Casualty Insurance Automobile Insurance Telemarketing and E-marketing Information Management Software V1.0* (國壽財電網銷車險信息管理軟件V1.0)	Our Company	November 10, 2016
12	2018SR037034	Sheng Shi Da Lian PICC Underwriting Services (IOS) Software V.2.0* (盛世大聯人保核保服務(IOS版)軟件V2.0)	Our Company	October 10, 2017
13	2018SR036936	Sheng Shi Da Lian Automobile Insurance Order Docking (IOS) Software V1.0* (盛世大聯車險對接(IOS版)軟件V1.0)	Our Company	November 27, 2017
14	2018SR037300	Sheng Shi Da Lian Automobile Information Verification (IOS) Software V1.0* (盛世大聯車輛車架信息核驗(IOS版)軟件V1.0)	Our Company	November 27, 2017

No.	Registration No.	Name of Computer Software	Registered Owner	Publication Date
15	2018SR033977	Sheng Shi Da Lian Automobile Product Transfer Identification (IOS) Software V1.0* (盛世大聯過戶車輛產品識別(IOS版)軟件V1.0)	Our Company	November 27, 2017
16	2018SR037294	Sheng Shi Da Lian Automobile Insurance Order Allocation Settlement Software V1.0* (盛世大聯車險訂單分配結算軟件V1.0)	Our Company	November 27, 2017
17	2018SR222770	Sheng Shi Da Lian Nanning PICC Services Order Management (Android) Software V1.0* (盛世大聯南寧人保服務訂單管理(Android版)軟件V1.0)	Our Company	December 28, 2017
18	2015SR070664	Shengda Automobile Services IOS Platform Application Software V1.2.0* (盛大汽車服務ios平台應用軟件V1.2.0)	Shengshi Dalian Automobile	July 10, 2014
19	2015SR070659	Shengda Automobile Merchant Client IOS Application Software V1.2.0* (盛大汽車服務商戶端ios平台應用軟件V1.2.0)	Shengshi Dalian Automobile	July 10, 2014
20	2015SR061426	Shengda Automobile Services Merchant Client Android Platform Application Software V1.2.0* (盛大汽車服務商戶端android平台應用軟件V1.2.0)	Shengshi Dalian Automobile	October 10, 2014
21	2015SR071652	Bank of Beijing Automobile Services IOS Platform Application Software V1.0.0* (北銀汽車服務ios平台應用軟件V1.0.0)	Shengshi Dalian Automobile	December 1, 2014
22	2015SR061429	Shengda Automobile Services Android Platform Application Software V1.2.0* (盛大汽車服務android平台應用軟件V1.2.0)	Shengshi Dalian Automobile	December 10, 2014
23	2015SR061424	Guang Fa Automobile Services Android Platform Application Software V.1.2.6* (廣發汽車服務android平台應用軟件V1.2.6)	Shengshi Dalian Automobile	December 10, 2014

No.	Registration No.	Name of Computer Software	Registered Owner	Publication Date
24	2015SR070654	Guang Fa Automobile Services IOS Platform Application Software V.1.2.6* (廣發汽車服務ios平台應用軟件V1.2.6)	Shengshi Dalian Automobile	January 10, 2015
25	2015SR061460	Bank of Beijing Automobile Services Android Platform Application Software V1.0.0* (北銀汽車服務android平台應用軟件V1.0.0)	Shengshi Dalian Automobile	February 10, 2015
26	2016SR038067	Sheng Shi Da Lian Substitute Driving Issue I Software (Android) V1.1.1* (盛世大聯代駕一期軟件(android版)V1.1.1)	Shengshi Dalian Automobile	December 31, 2015
27	2016SR037872	Sheng Shi Da Lian Substitute Driving Issue 1 Software (IOS) V1.1.1* (盛世大聯代駕一期軟件(ios版)V1.1.1)	Shengshi Dalian Automobile	December 31, 2015
28	2017SR051743	CEB Ten-yuan Car Wash Services Software V1.0* (光銀10元洗車服務軟件V1.0)	Shengshi Dalian Automobile	August 10, 2016
29	2017SR009650	BOC Tianjin Automobile Services Software V1.0* (中行天津汽車服務軟件V1.0)	Shengshi Dalian Automobile	September 8, 2016
30	2017SR051740	Jiangyou Automobile Services Software V1.0* (江郵汽車服務軟件V1.0)	Shengshi Dalian Automobile	October 18, 2016
31	2017SR050415	CUP Data Car Wash Docking Software V1.0* (銀聯數據洗車對接軟件V1.0)	Shengshi Dalian Automobile	November 2, 2016
32	2017SR052367	Bank of Shanghai Automobile Services Software V1.0* (上銀汽車服務軟件V1.0)	Shengshi Dalian Automobile	November 6, 2016
33	2017SR042648	Sheng Shi Da Lian Automobile Services (IOS) Software V1.0* (盛世大聯汽車服務(IOS版)軟件V1.0)	Shengshi Dalian Automobile	December 23, 2016
34	2017SR024134	Sheng Shi Da Lian Kaopu Ai Che Automobile Services (Android) Software V1.0* (盛世大聯靠譜愛車汽車服務(Android版)軟件V1.0)	Shengshi Dalian Automobile	December 26, 2016

No.	Registration No.	Name of Computer Software	Registered Owner	Publication Date
35	2017SR024130	Sheng Shi Da Lian BOC Credit Cards Automobile Services Software V1.0* (盛世大聯中行信用卡汽車服務軟件 V1.0)	Shengshi Dalian Automobile	December 26, 2016
36	2018SR037102	Sheng Shi Da Lian Car Wash Services (Android) Software V1.0* (盛世大聯車卡洗車服務(Android版) 軟件V1.0)	Shengshi Dalian Automobile	November 28, 2017
37	2018SR037038	Sheng Shi Da Lian Automobile Beauty Services (IOS) Software V2.0* (盛世大聯汽車美容服務(IOS版)軟件 V2.0)	Shengshi Dalian Automobile	November 28, 2017
38	2018SR036918	Sheng Shi Da Lian Automobile Life Gallery (Android) Software V1.0* (盛世大聯汽車生活館服務(Android 版)軟件V1.0)	Shengshi Dalian Automobile	November 28, 2017
39	2018SR037279	Sheng Shi Da Lian Guangfa Gejin Automobile Services (Android) Software V1.0* (盛世大聯廣發個金汽車服務(Android 版)軟件V1.0)	Shengshi Dalian Automobile	November 28, 2017
40	2018SR037243	Sheng Shi Da Lian Everbright Automobile Life Gallery Exhibition (Android) Software V1.0* (盛世大聯光大汽車生活館展示 (Android版)軟件V1.0)	Shengshi Dalian Automobile	November 28, 2017
41	2018SR706865	Sheng Shi Da Lian Automobile Services Appointment System Management Software V1.0* (盛世大聯汽車服務預約類系統管理軟件V1.0)	Shengshi Dalian Automobile	March 30, 2018
42	2018SR585511	Guangdong Agricultural Bank Car Washing Project Software V1.0* (廣東農行洗車項目軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	October 22, 2017
43	2018SR585352	Beijing Weifang Automobile Services Software V1.0* (北京濰坊汽車服務軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	November 20, 2017
44	2018SR206097	Chengle Mobile Advertising Software V1.0* (丞樂移動端廣告發佈軟件 V1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	December 13, 2017

No.	Registration No.	Name of Computer Software	Registered Owner	Publication Date
45	2018SR204346	Chengle Visiting Fun (Android) Software V1.0* (丞樂拜訪寶(Android版)軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	December 14, 2017
46	2018SR204357	Chengle Visiting Fun (IOS) Software V1.0* (丞樂拜訪寶(IOS版)軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	December 14, 2017
47	2018SR544292	Huaxia Xiamen Automobile Services Software V1.0* (華夏廈門汽車服務軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	January 2, 2018
48	2018SR540523	Jiangsu CUP Automobile Services Software V1.0* (江蘇銀聯汽車服務軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	January 8, 2018
49	2018SR540507	Ningbo Ping'an Property Insurance Project Software V1.0* (寧波平安財險項目軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	January 20, 2018
50	2018SR540515	Golden Globe World Cup Project Software V1.0* (金球世界盃項目軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	February 19, 2018
51	2018SR544300	Putian Xingye Project Software V1.0* (莆田興業項目軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	March 17, 2018
52	2018SR549362	Wuhan Agricultural Bank Car Washing Project Software* (武漢農行洗車項目軟件)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	April 2, 2018
53	2018SR544310	Xuancheng Bank of Communications Automobile Services Software V1.0* (宣城交行汽車服務軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	April 10, 2018
54	2018SR544333	CUP Inner Mongolia Automobile Services Software V1.0* (銀聯內蒙汽車服務軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	April 25, 2018
55	2018SR544319	Zhuhai Agricultural Bank Automobile Services Software V1.0*(珠海農行汽車服務軟件v1.0)	Shanghai Chengle Network Technology Co., Ltd.* (上海丞樂網絡科技有限公司)	May 10, 2018

D. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUPERVISORS

1. Particulars of Directors' and Supervisors' Contracts

Pursuant to Rules 19A.54 and 19A.55 of the Listing Rules, each of our Directors and Supervisors has entered into a contract in respect of, among other things, compliance of relevant laws and regulations, observations of the Articles of Association and provision on arbitration with our Company.

Each of our Directors and Supervisors has entered into a service contract with our Company on March 11, 2019. The principal particulars of these service contracts are: (i) for a term of three years commencing from the Listing Date; and (ii) subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles of Association and the applicable laws, rules or regulations.

Save as disclosed above, none of our Directors or Supervisors has or is proposed to have a service contract with us (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors and Supervisors

In 2015, 2016 and 2017 and the nine months ended September 30, 2018, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension-defined contribution plans and other benefits in kind (if applicable) paid by us to our Directors and Supervisors were approximately RMB4.3 million, RMB0.8 million, RMB2.2 million and RMB1.9 million, respectively.

Save as disclosed above, no other payments have been paid or are payable by our Group to our Directors and Supervisors in respect of 2015, 2016 and 2017 and the nine months ended September 30, 2018.

There is no arrangement under which any Director or Supervisor has waived or agreed to waive future emoluments, nor has there been any waiver of emoluments by any Director or Supervisor during the current financial year.

Under the current arrangements, our Directors and Supervisors will be entitled to receive compensation (including remuneration and benefits in kind) from our Company for the year ending December 31, 2019 under arrangement in force as of the date of this prospectus which is expected to be approximately RMB3.7 million in aggregate.

Each of our Directors and Supervisors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his or her duties.

3. Miscellaneous

Mr. Ye, an executive Director, was a supervisor of Shanghai Jiamei Technology Co., Ltd.* (上海嘉美科技有限公司), which was a limited liability company established in the PRC engaged in the manufacturing of electromechanical equipment. The business license of Shanghai Jiamei Technology Co., Ltd.* (上海嘉美科技有限公司) was revoked on April 22, 2013 in accordance with Article 76 of the "Regulations on Corporate Registration of the People's Republic of China" (中華人民共和國公司登記管理條例) for not participating in the annual corporate inspection. Mr. Ye confirmed that the said company was solvent and dormant with no outstanding liabilities at the time of it being revoked and as far as he is aware, the revocation of the said company has not resulted in any liability or obligation to be imposed against him.

Mr. Luo Songlin, an executive Director, was a director of Shanghai Liaowang Medical Technology Company Limited* (上海瞭望醫療科技有限公司), which was a limited liability company established in the PRC engaged in the development of the medical technology. The business license of Shanghai Liaowang Medical Technology Company Limited* (上海瞭望醫療科技有限公司) was revoked on May 6, 2012 in accordance with Article 76 of the "Regulations on Corporate Registration of the People's Republic of China" (中華人民共和國公司登記管理條例) for not participating in the annual corporate inspection. Mr. Luo Songlin confirmed that the said company was solvent and dormant with no outstanding liabilities at the time of it being revoked and as far as he is aware, the revocation of the said company has not resulted in any liability or obligation to be imposed against him.

Mr. Leung Siu Hong, an independent non-executive Director, was a director of United Goal Limited, which was a limited liability company incorporated in Hong Kong and dissolved by deregistration on January 25, 2008, pursuant to Section 291AA of the Predecessor Companies Ordinance due to no business operation. United Goal Limited has never carried on business since its incorporation. Mr. Leung Siu Hong confirmed he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of the above company.

E. DISCLOSURE OF INTERESTS

1. Disclosure of the Directors' and Supervisors' Interests in the Registered Capital of the Company and its Associated Corporations

Immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the beneficial interests or short positions of the Directors, Supervisors and chief executives in any shares, underlying shares and debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO), which once the H Shares are listed, will be required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of Part XV of the SFO, to be entered in the register required to be kept therein once the H Shares are listed; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the H Shares are listed are as follows:

(a) Our Company

Director	Number and Class of Shares held immediately following the Global Offering	Nature of interest	Approximate percentage of interest in the relevant class of Shares of our Company immediately following the Global Offering(1)	Approximate percentage of interest in the total share capital of our Company immediately following the Global Offering(2)
Mr. Ye(3)	79,005,000 Domestic Shares (L)	Interest in controlled corporation	61.78%	46.34%
Mr. Lei Zhunfu(4)	8,000,000 Domestic Shares (L)	Interest in controlled corporation	6.26%	4.69%
	71,005,000 Domestic Shares (L)	Concert party	55.52%	41.64%

Notes:

(1) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares of the Company after the Global Offering.

(2) The calculation is based on the total number of 127,880,000 Domestic Shares and 42,626,600 H Shares in issue after the Global Offering.

(3) Our Company is owned as to approximately 55.09% by Shengda Group, which is owned as to 100% by Shanghai Feiyou, which is in turn owned as to 100% by Haiyan Trading, which is in turn owned as to 100% by Auto Market Group, which is in turn owned as to 100% by China Auto, which is in turn owned as to 100% by Auto Services, which is in turn owned as to approximately 57.86% and 10.75% by Automobile Services and YSY Group, respectively. Automobile Services and YSY Group are owned as to 87.08% and 100% by Mr. Ye. By virtue of the SFO, Mr. Ye is deemed to be interested in (i) the 70,445,000 Domestic Shares beneficially held by Shengda Group and (ii) the 8,560,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(4) Mr. Lei Zhunfu, the chairman and general manager of the Company and an executive Director, is one of the limited partners of Ningbo Shengning, who held approximately 52.24% of the shareholding in Ningbo Shengning. Shengda Group, Ningbo Shengning, Jingying Advertising and Lianming Advertising are Concert Parties under the Concert Party Agreement. By virtue of the SFO, Mr. Lei is deemed to be interested in (i) the 8,000,000 Domestic Shares beneficially held by Ningbo Shengning and (ii) the 71,005,000 Domestic Shares directly held by other Concert Parties to the Concert Party Agreement. For further details, see "Relationship with Controlling Shareholders and Connected Transactions — Controlling Shareholders — Concert Party Agreement."

(b) Associated Corporations

Director	Associated Corporation	Nature of interest	Approximate percentage of interest in the associated corporation
Mr. Ye	Automobile Services	Beneficial owner	87.08%
	Auto Services *(Note 1)*	Interest in controlled corporation	68.61%
	Shengda Group *(Note 2)*	Interest in controlled corporation	100%

Notes:

(1) Auto Services is owned as to 57.86% by Automobile Services and 10.75% by YSY Group, respectively, which are owned as to 87.08% and 100% by Mr. Ye, respectively.

(2) Auto Services held 100% of the equity interest in Shengda Group through four investment holding companies vertically, namely, Shanghai Feiyou, Haiyan Trading, Auto Market Group and China Auto.

2. Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares

Save as disclosed in "Substantial Shareholders," our Directors are not aware of any other person who will, immediately following the Global Offering, have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

3. Agency Fees or Commissions Paid or Payable

Save as disclosed in "Underwriting," no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years ended on the date of this document.

4. Related Party Transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in "Relationship with Controlling Shareholders and Connected Transactions" and in note 35 of "Appendix I – Accountants' Report".

5. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors, Supervisors or any of the parties listed in "G. Other Information — 10. Consent of Experts" below is interested in the promotion of our Company, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, our Company, or are proposed to be acquired or disposed of by or leased to our Company;

(b) none of the Directors or Supervisors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business taken as a whole;

(c) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties in the aforesaid paragraph:

  (i) is interested legally or beneficially in any of the Shares or any shares in any of our subsidiary; or

  (ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our securities;

(d) none of the Directors or Supervisors is a director or employee of a company which is expected to have an interest in the Shares falling to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once the H Shares are listed on the Stock Exchange;

(e) as of the Latest Practicable Date, none of the Directors, Supervisors, their respective associates, or any of the Shareholders (who to the knowledge of the Directors owns more than 5% of the issued share capital), had any interest in any of the top five suppliers and top five customers in respect of each of the business segments;

(f) none of the Directors and Supervisors of the Company has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by the Company pursuant to section 352 of the SFO or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the H Shares are listed on the Stock Exchange;

(g) no amount, securities or benefit has been paid, allotted or given within the two years preceding the date of this prospectus to the promoter nor is any such amount, securities or benefit intended to be paid, allotted or give. None of the Directors is interested in any business which competes or is likely to compete, either directly or indirectly, with our business; and

(h) none of the Directors or Supervisors has been paid in cash or shares or otherwise by any person in respect of the Track Record Period as an inducement to join or upon joining the Company, or otherwise for services rendered by him in connection with the promotion or formation of the Company.

F. RESTRICTIONS ON SHARE REPURCHASE

See "Appendix IV — Summary of Principal PRC and Hong Kong Legal and Regulatory Provisions — Hong Kong Laws and Regulations — Summary of Material Differences Between Certain PRC Company Law Matters in the PRC and Hong Kong — Restrictions on purchase and subscription of its own securities" to this prospectus for details.

G. OTHER INFORMATION

1. Share-based Compensation Scheme

To incentivise and recognize the contributions of certain employees and officers of our Group, our Company adopted a share-based compensation scheme in April 2015, pursuant to which an aggregate of 4,000,000 new Domestic Shares were issued to Ningbo Shengning, a limited partnership established in the PRC as the shareholding platform of our share-based compensation scheme, at the subscription price of RMB2.00 per Domestic Share with an aggregate consideration of RMB8,000,000. As of the Latest Practicable Date, the limited partners of Ningbo Shengning comprised 16 current and/or former members of management team and employees of our Company and the general partner of Ningbo Shengning was Shengda Huitong, a wholly-owned subsidiary of Shengda Group. As of the Latest Practicable Date, Mr. Lei Zhunfu, the chairman, the general manager and an executive Director, held approximately 52.24% of the shareholding in Ningbo Shengning as a limited partner, while none of the other limited partners of Ningbo Shengning held more than 10% of the shareholding in Ningbo Shengning. Of the 17 partners of Ningbo Shengning, 10 are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules.

Following completion of the Capitalization Issue of our Company in September 2016 as referred to in "History and Corporate Structure — Corporate Development of Our Company — Major Changes in Our Shareholding Structure and Registered Capital — Quotation on the NEEQ and thereafter," and immediately before completion of the Global Offering, a total of 8,000,000 Domestic Shares were held by Ningbo Shengning, representing approximately 6.26% of the total issued share capital of our Company. Following completion of the Global Offering (and assuming the Over-allotment Option is not exercised), Ningbo Shengning will be interested in approximately 4.69% of the total issued share capital of our Company. For details of the share-based compensation scheme, see "History and Corporate Structure — Corporate Development of Our Company — Share-based Compensation Scheme."

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

3. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance was known to our Directors to be pending or threatened against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

4. Joint Sponsors

The Joint Sponsors, namely, China Galaxy International Securities (Hong Kong) Co., Limited and China International Capital Corporation Hong Kong Securities Limited, have declared their independence pursuant to Rule 3A.07 of the Listing Rules.

The Joint Sponsors have made an application on the behalf to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the H Shares. All necessary arrangements have been made for the H Shares to be admitted into CCASS.

The Joint Sponsors will receive an aggregate fee of US$1.2 million for acting as the Joint Sponsors for the Listing.

5. Compliance Advisor

Our Company appointed Halcyon Capital Limited as the compliance advisor effective upon the Listing in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

6. Preliminary Expenses

We have not incurred any material preliminary expenses.

7. Qualifications of Experts

The following are the qualifications of experts who have opined or advised on information contained in this prospectus:

Name	Qualification
China Galaxy International Securities (Hong Kong) Co., Limited	Licensed to engage in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of regulated activities under the SFO
China International Capital Corporation Hong Kong Securities Limited	Licensed to engage in 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) of regulated activities under the SFO
Anjie Law Firm	PRC legal advisors to the Company
Ernst & Young	Certified public accountants
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Industry consultant

8. Tax and Other Indemnities

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are effected on the H Share register of members of our Company, including in circumstances where such transaction is effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is HK$2.00 for every HK$1,000 (or part thereof) of the consideration or, if higher, the fair value of the H Shares being sold or transferred. For further information in relation to taxation, see "Taxation and Foreign Exchange" in Appendix V to this prospectus.

Mr. Ye and Shengda Group have entered into the Deed of Indemnity with and in favor of our Group (being the contract referred to in "— C. Further Information about Our Business — 1. Summary of Material Contracts" above) to provide indemnities on a joint and several basis in respect of, among other matters,

(a) any taxation or fees falling on any members of our Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the Listing Date;

(b) any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other event, act or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company; and

(c) non-compliances of any of the members of our Group which has occurred on or before the Listing Date.

Under the Deed of Indemnity, Mr. Ye and Shengda Group have also agreed and undertaken to each members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties and expenses incurred or suffered by our Company or any members of our Group resulting from any and all of the non-compliances of any of the members of our Group with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance or other applicable laws, rules or regulations in their respective place of incorporations or operation which has occurred at any time during the Track Record Period and on the Listing Date.

However, the indemnities given by Mr. Ye and Shengda Group under the Deed of Indemnity do not cover, and Mr. Ye and Shengda Group shall be under no liability in respect of, any liability on taxation and taxation claim:

(a) to the extent that provision has been made therefor in the consolidated audited accounts of our Group or the audited accounts of any of the members of our Group for the three years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018;

(b) falling on any members of our Group on or after September 30, 2018 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, Mr. Ye, Shengda Group or any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

    (i) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the Listing Date; or

    (ii) pursuant to a legally binding commitment created on or before the date of the deed of indemnity or pursuant to any statement of intention made in this prospectus;

(c) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong, the PRC or elsewhere), including without limitation the Inland Revenue Department and the tax bureau of the PRC, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;

(d) to the extent that such liability is discharged by another person who is not a member of our Group and that none of the member of our Group is required to reimburse such person in respect of the discharge of such liability; or

(e) to the extent of any provision or reserve made for such liability in the audited accounts referred to in Clause (a) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the liability of Mr. Ye and Shengda Group in their capacity as our Controlling Shareholders in respect of such liability shall not be available in respect of any such liability arising thereafter.

9. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since September 30, 2018 (being the date to which the latest audited combined financial statements of our Group were prepared).

10. Consent of Experts

Each of the Joint Sponsors, Anjie Law Firm, Ernst & Young and Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears. None of the experts named above has any shareholding interests in our Company or any of the subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries as of the Latest Practicable Date.

11. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

12. Miscellaneous

(a) Save as disclosed in "History and Corporate Structure", "Share Capital", "Structure of the Global Offering" and in this prospectus, within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) No share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founders, management or deferred shares of our Company or any of its subsidiaries have been issued or have been agreed to be issued.

(d) Save as disclosed in this prospectus, none of the equity and debt securities of our Company is listed or dealt in on any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(e) Our Company has no outstanding convertible debt securities or debentures.

(f) As of the Latest Practicable Date, none of our property interests had a carrying amount more than 15% of our consolidated total assets. Therefore, according to Chapter 5 of the Listing Rules and section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L), this prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all our Group's interests in land or buildings.

(g) None of the Joint Sponsors, Anjie Law Firm, Ernst & Young and Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.:

(i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group save in connection with the Hong Kong Underwriting Agreement.

(h) Save as disclosed in this prospectus, no company within our Group is presently listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought.

(i) The English text of the Application Forms shall prevail over their respective Chinese text.

(j) 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 prospectus.

13. Promoters

The Promoters of our Company are Shengda Group and Jingying Advertising.

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

14. Personal Guarantees

Save as disclosed in "Relationship with Controlling Shareholders and Connected Transactions" and in this prospectus, as of the Latest Practicable Date, our Directors and Supervisors had not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

15. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW**, and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in "Statutory and General Information — C. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VII to this prospectus; and

(c) the written consents referred to in "Statutory and General Information — G. Other Information — 10. Consent of Experts" in Appendix VII to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Fangda Partners at 26th Floor, One Exchange Square, 8 Connaught Place, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Articles of Association;

(b) the accountants' report on financial information of our Group for the three years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018 prepared by Ernst & Young, the texts of which is set out in "Accountants' Report" in Appendix I to this prospectus;

(c) the consolidated audited financial statements of our Group for each of the three years ended December 31, 2015, 2016 and 2017 and the nine months ended September 30, 2018;

(d) the report on the unaudited pro forma financial information of our Group prepared by Ernst & Young, the texts of which is set out in "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus;

(e) the PRC legal opinions issued by Anjie Law Firm, our Company's PRC Legal Advisors, in respect of, among other things, certain matters in respect of our Group under PRC laws;

(f) the PRC Company Law, the PRC Securities Law, the Special Regulations and the Mandatory Provisions, together with the unofficial English translations thereof;

(g) the service contracts referred to in "Statutory and General Information — D. Further Information About Our Directors and Supervisors — 1. Particulars of Directors' and Supervisors' Contracts" in Appendix VII to this prospectus;

(h) the material contracts referred to in "Statutory and General Information — C. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VII to this prospectus;

(i) the written consents referred to in "Statutory and General Information — G. Other Information — 10. Consent of Experts" in Appendix VII to this prospectus; and

(j) the industry report issued by Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., the summary of which is set forth in "Industry Overview."

Sun Car Insurance Agency Co., Ltd.*
盛世大聯保險代理股份有限公司