SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this document. You should read the whole document including the appendices hereto, which constitute an integral part of this document, before you decide to invest in our ***[REDACTED]****. There are risks associated with any investment. Some of the particular risks in investing in our* ***[REDACTED]*** *are set out in "Risk Factors". You should read that section carefully before you decide to invest in our* ***[REDACTED]****.*

OVERVIEW

We are an established automobile finance lease service provider for our self-operated automobile retail business in the PRC. Our Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease primarily through our sales outlets; and (ii) automobile-related services, where we offer automobile operating lease service and other automobile-related services. According to the CIC Report, we ranked 4th in terms of transaction volume of direct finance lease and had a market share of approximately 4.1% and 19th in terms of transaction volume of retail automobile finance lease among all RAFLCs and had a market share of approximately 0.7% in the PRC in 2022.

Prior to 2012, we primarily engaged in the provision of automobile rental services by way of operating lease. Since 2012, we have sold automobiles by way of direct finance lease. In late 2018, we started to provide our automobile lease solutions to individual e-hailing drivers. Automobile retail and finance business was our principal revenue generator during the Track Record Period. Our revenue from sales of automobile under direct finance lease accounted for almost all of the revenue from our automobile retail and finance business during the Track Record Period.

Our customers of automobile retail and finance business are mainly individuals in the PRC's tier two, and tier three and below cities looking for non-luxury automobile models. We offered non-luxury automobiles of over 50 brands during the Track Record Period. Our customers of operating lease business are primarily individual customers looking for automobile rental service and e-hailing drivers looking to rent e-hailing vehicles. We have established an extensive sales network with sales outlets mainly located in tier two cities, and tier three and below cities throughout the PRC. As at the Latest Practicable Date, we operated 70 sales outlets across 24 provinces and municipalities in the PRC.

OUR BUSINESS MODEL

Our business involves (i) automobile retail and finance; and (ii) automobile-related services in the PRC. The following table sets out the breakdown of our revenue for the years indicated:

	Year ended 31 December					
	2020		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Automobile retail and finance						
Sales of automobile under finance lease(Note 1)	362,934	48.4	777,856	66.4	734,600	64.4
Finance lease income(Note 2)	234,705	31.3	234,561	20.0	262,498	23.0
Sub-total	597,639	79.7	1,012,417	86.4	997,098	87.4
Automobile-related services						
Automobile operating lease	132,606	17.7	144,163	12.3	126,018	11.0
Other automobile-related services	19,516	2.6	14,682	1.3	18,410	1.6
Sub-total	152,122	20.3	158,845	13.6	144,428	12.6
Total	749,761	100.0	1,171,262	100.0	1,141,526	100.0

Notes:

1 Revenue generated from the sales of new automobiles.

2 Revenue generated from the provision of finance lease for automobiles to customers.

Automobile Retail and Finance

As shown above, automobile retail and finance business is our major revenue contributor, which accounted for 79.7%, 86.4% and 87.4% of our total revenue for the years ended 31 December 2020, 2021 and 2022. We sell our automobiles to customers primarily under direct finance lease. We principally sell automobiles through our self-operated sales outlets.

The following table sets out the breakdown of revenue generated from automobile retail and finance business by geographical location for the years indicated:

	Year ended 31 December					
	2020		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Eastern PRC	241,828	40.5	395,627	39.1	409,689	41.1
Southern PRC	100,895	16.9	193,048	19.1	194,667	19.5
Southwestern PRC	105,305	17.6	156,951	15.5	137,979	13.8
Central PRC	62,601	10.5	121,023	12.0	108,738	10.9
Northern PRC	47,728	8.0	86,661	8.6	77,476	7.8
Northwestern PRC	28,027	4.6	49,272	4.7	52,867	5.3
Northeastern PRC	11,255	1.9	9,835	1.0	15,682	1.6
Total	597,639	100.0	1,012,417	100.0	997,098	100.0

The following table sets out the breakdown of revenue generated from automobile retail and finance business by city tier for the years indicated:

	Year ended 31 December					
	2020		2021		2022	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Tier one city	2,278	0.4	669	0.1	5,470	0.5
Tier two cities	506,884	84.8	879,744	86.9	844,925	84.7
Tier three and below cities	88,477	14.8	132,004	13.0	146,703	14.8
Total	597,639	100.0	1,012,417	100.0	997,098	100.0

Automobile-related Services

Under our automobile-related services, we generated revenue from automobile operating lease and other automobile-related services during the Track Record Period.

Our automobile operating lease business principally involves: (i) e-hailing operating lease; (ii) new energy car-sharing; and (iii) other operating lease. Automobile operating lease business accounted for 87.2%, 90.8% and 87.3% of our revenue from the automobile-related services segment for the years ended 31 December 2020, 2021 and 2022, respectively.

For our other automobile-related services, we mainly promote our business-end customers' insurance service and automobile after-market service to our car-user customers, in return, we receive service fees from our business-end customers for such services we provided.

CUSTOMERS, SALES AND MARKETING

For our automobile retail and finance business, our customers are mainly individuals in the PRC's tier two, and tier three and below cities within the age group of 20 to 40 years looking for non-luxury automobile. For our automobile operating lease business, our customers are mainly e-hailing drivers. For other automobile-related services, our customers are business-end customers, including third party insurance providers and third party automobile aftermarket service providers mainly, where we promote our business-end customers' insurance service and automobile after-market service to our car-user customers.

We do not have any major customers in terms of revenue contribution. Our five largest customers in each year during the Track Record Period accounted for approximately 3.2%, 1.6% and 2.1% of our total revenue for the years ended 31 December 2020, 2021 and 2022, respectively.

PRICING POLICY

Generally, we formulate our pricing policy according to (i) the type of products and services; (ii) the market competition and industrial information; (iii) market trend; and (iv) the market acceptance of our product pricing.

We set the price of our automobile retail and finance offering, including the finance lease solutions for both passenger vehicles and e-hailing vehicles, as a packaged automobile finance lease product in terms of the number of instalments and the amount of each instalment. The pricing of our packaged automobile finance lease product is determined by taking into account factors including but not limited to the cost of automobiles, length of finance lease terms, the cost of automobile insurance, handling fee, vehicle registration fee, initial down payment, the cost of GPS tracking devices, the creditworthiness of customers. All of our automobile finance leases adopt a fixed interest rate throughout the respective lease term.

PROCUREMENT AND SUPPLIERS

For the years ended 31 December 2020, 2021 and 2022, our cost of inventories amounted to RMB305.9 million, RMB633.4 million and RMB595.6 million, representing 68.6%, 78.2% and 77.6% of our total cost of revenue for the corresponding year, respectively.

We also procure automobiles for our operating lease business. Such automobiles are included in property and equipment.

Our suppliers mainly consist of (i) auto dealers which supply us with automobiles for our finance lease business and operating lease business; and (ii) insurance and other service providers. Our other suppliers also include GPS component manufacturers which supply us GPS components.

For the years ended 31 December 2020, 2021 and 2022, transactions with our five largest suppliers in each year during the Track Record Period were RMB236.4 million, RMB364.5 million and RMB394.9 million, representing 62.9%, 54.5% and 49.1% of our total transaction amount with automobile suppliers respectively, and transactions with our largest supplier amounted to RMB80.2 million, RMB108.0 million and RMB162.5 million, representing 21.4%, 16.2% and 20.2% of our total transaction amount with automobile suppliers, respectively.

OUR RISK MANAGEMENT SYSTEM

We have developed a risk management and internal control systems to address the risks we are subject to. In particular, we have developed an automobile monitoring platform based on our understanding of the management characteristics automobile finance lease business. The automobile monitoring platform, through the advanced GPS tracking technology, provides various functions including the positioning of leased automobiles, risk analysis through detecting vehicle trajectory abnormality, vanishing GPS signal and usage pattern of automobiles, and alarm system sending timely warning messages to our system upon the detection of automobile malfunctioning. We continue to develop proprietary algorithms and data analytics capabilities to enhance our risk management system. As a result of our risk management system, we have managed to maintain relatively low credit losses during the Track Record Period. Please see the section headed "Risk Management and Operations" for further details.

MARKET

Along with the rollout of favourable policies and regulations by the Chinese government, and the steady increase in the disposable income of consumers, the total sales volume of non-luxury automobiles is estimated to reach 25.8 million units in 2027, representing a CAGR of 4.6% in 2022 to 2027.

In 2022, the retail automobile finance lease services penetration rates of both new and used automobiles of the United States, Germany and France were approximately 38.0%, 25.5% and 23.5%, respectively. The penetration rate of retail automobile finance lease services of both new and used automobiles in China, when compared with the aforementioned countries, was still at a relatively low level in 2022, indicating a strong growth potential and is expected to reach approximately 5.4% in 2027. As of 31 December 2021, the top 20 companies in China's retail automobile finance lease market had a market share of approximately 81.1%, and the top 10 companies in China's third-party retail automobile finance lease market in terms of total number of loan volume disbursed by third party RAFLCs had a market share of approximately 69.5%.

The PRC's direct finance lease market experienced rapid growth from 2018 to 2022 in terms of loan volume. Such volume grew from 0.2 million units in 2018 to 0.3 million units in 2022, representing a CAGR of 11.1%. Driven by the benefit of lower down payment and the expansion of e-hailing vehicle platform, the loan volume of direct finance lease market is expected to reach 0.6 million units in 2027, representing a CAGR of 15.6% from 2022 to 2027.

The automobile operating lease market size has increased from RMB50.9 billion in 2018 to RMB63.4 billion in 2022, with a CAGR of 5.7%. With the development of e-hailing vehicle platforms, the increasing spending on self-drive trips and the favourable policy reforms, the market size of automobile operating lease market in China is projected to increase to RMB82.6 billion in 2027, representing a CAGR of 5.4% from 2022 to 2027.

The information above is based on the CIC Report. For details of CIC Report, please see the section headed "Industry Overview".

OUR COMPETITIVE STRENGTHS

We believe we possess the following competitive strengths:

(i) we specialise in matching the supply of non-luxury automobiles with the demand of our customers mainly in tier two, and tier three and below cities in the PRC;

(ii) our extensive automobile service offerings provide tailored solutions for customers' different needs;

(iii) we have an established and extensive sales network;

(iv) we have developed a risk management system;

(v) our centralised automobile procurement leads to cost advantage; and

(vi) we are led by a visionary and experienced management team.

OUR BUSINESS STRATEGIES

Our key business strategies include:

(i) capturing the potential growth in the direct finance lease market and the automobile operating lease market;

(ii) expanding our sales network to increase our market penetration;

(iii) continuing to incorporate new technologies and upgrade our automobile-related software and mobile applications; and

(iv) continuing to enhance our risk management capabilities.

FUTURE PLANS AND [REDACTED]

The estimated **[REDACTED]** of the **[REDACTED]**, after deducting **[REDACTED]** fees and estimated total expenses paid and payable by us in connection with the **[REDACTED]**, are estimated to be HK$**[REDACTED]** million (equivalent to RMB**[REDACTED]** million) before any exercise of the **[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per Share. We intend to use the **[REDACTED]** of the **[REDACTED]** for the following purposes:

- HK$**[REDACTED]** million (equivalent to RMB**[REDACTED]** million or approximately **[REDACTED]**% of our estimated **[REDACTED]**) for purchasing more vehicles, so as to increase our revenue; and

- HK$**[REDACTED]** million (equivalent to RMB**[REDACTED]** million or approximately **[REDACTED]**% of our estimated **[REDACTED]**) for expanding our sales network to increase market penetration.

Please see the section headed "Future Plans and **[REDACTED]**" for further details.

SUMMARY FINANCIAL INFORMATION AND OPERATING DATA

Summary of Results of Operations

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	749,761	1,171,262	1,141,526
Gross profit	303,598	361,756	374,447
Operating profit	130,141	160,831	234,791
Profit before income tax	20,969	43,010	91,773
Profit for the year	10,253	30,687	77,082
Profit attributable to:			
— Owners of our Company	12,341	34,112	78,913
— Non-controlling interests	(2,088)	(3,425)	(1,831)
	10,253	30,687	77,082

Non-IFRS Measures

To supplement our historical financial information set out in Appendix I to this document, we also present adjusted net profit (Non-IFRS measures) and adjusted net profit margin (Non-IFRS measures) as additional financial measures, which are not required by, nor presented in accordance with IFRS. We present these financial measures because our management use them to evaluate our financial performance by eliminating the impact of certain items. We believe that these non-IFRS measures provide additional information to investors and others in understanding and evaluating our business performance.

Adjusted net profit (Non-IFRS measures) and adjusted net profit margin (Non-IFRS measures) eliminate the effect of certain items, mainly **[REDACTED]** expenses and fair value loss/(gain) on ordinary shares with redemption right.

The following table reconciles our adjusted net profit (Non-IFRS measures) and adjusted net profit margin (Non-IFRS measures) presented to the most directly comparable financial measures calculated and presented in accordance with IFRS. **[REDACTED]** expenses represent expenses relate to the **[REDACTED]**, net of the PRC enterprise income tax. Fair value loss/(gain) on ordinary shares with redemption right represents the changes arising from change in fair value to ordinary shares with redemption right. Such changes are non-cash in nature. Upon the **[REDACTED]**, all ordinary shares with redemption right will be automatically converted into ordinary shares which will no longer be recognised as financial liabilities at fair value through profit or loss.

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	10,253	30,687	77,082
Add:			
[REDACTED] expenses, net of tax	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Fair value loss/(gain) on ordinary shares with redemption right	6,932	4,153	(47,251)
Adjusted net profit (Non-IFRS measures)	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Adjusted net profit margin (Non-IFRS measures)*(Note)*	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Note: Adjusted net profit margin (Non-IFRS measures) is calculated based on the adjusted net profit (Non-IFRS measures) for the year divided by revenue for the respective year.

Our financial results for the year ended 31 December 2020 were adversely affected by the impacts caused by the outbreak of COVID-19 in the PRC in 2020. Our financial results for the year ended 31 December 2021 demonstrated a strong recovery. Our revenue increased by approximately 56.2% to approximately RMB1,171.3 million for the year ended 31 December 2021, as compared to the year ended 31 December 2020, mainly driven by our growth in revenue from sales of automobile under finance lease from RMB362.9 million for the year ended 31 December 2020 to RMB777.9 million for the year ended 31 December 2021, as our business recovered from the adverse impact of COVID-19 in 2020. Our revenue for the year ended 31 December 2022 decreased by approximately 2.5%, as compared to the year ended 31 December 2021, primarily due to the regional outbreaks of COVID-19 variants in the PRC in 2022, our revenue from sales of automobile under finance lease and our e-hailing operating lease declined in certain regions in 2022.

Our profit for the year increased by 199.3% from RMB10.3 million for the year ended 31 December 2020 to RMB30.7 million for the year ended 31 December 2021, mainly driven by our revenue growth due to the recovery from the adverse impact of COVID-19 in 2020. Our profit for the year increased by 151.2% from RMB30.7 million for the year ended 31 December 2021 to RMB77.1 million for the year ended 31 December 2022, mainly due to the fair value gain on ordinary shares with redemption right of RMB47.3 million for the year ended 31 December 2022 whereas we recorded fair value loss on ordinary shares with redemption right of RMB4.2 million for the year ended 31 December 2021.

Government grants primarily consist of the fiscal support that local governments offer to the Group entities engaged in the finance leasing business in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

The government grants decreased from RMB24.4 million for the year ended 31 December 2020 to RMB16.7 million for the year ended 31 December 2021, as the decrease in VAT refund for the year ended 31 December 2021, then increased to RMB22.6 million for the year ended 31 December 2022, primarily due to the increase in VAT refund. For details of VAT refund, please refer to "Financial Information-Description of Selected Items in Consolidated Statements of Comprehensive Income-Other income, net-(a) VAT related tax benefits"

Key Operating Data

The following table sets out selective key operating data for the years indicated.

	Year ended 31 December		
	2020	**2021**	**2022**
Newly entered finance lease agreements:			
Number of newly entered finance lease agreements	7,859	11,308	12,754
Average principal amount of newly entered finance lease agreements *(RMB'000)*	83.1	94.2	90.6
Average effective interest rate charged for newly entered finance lease agreements *(Note 1)*	20.5%	19.4%	18.5%
Net interest spread and net interest margin:			
Average yield of finance lease receivables *(Note 2)*	22.3%	20.4%	19.0%
Average cost of borrowings *(Note 3)*	8.0%	8.6%	8.5%
Weighted average effective interest rate of borrowings *(Note 4)*	8.5%	8.5%	8.6%
Net interest spread *(Note 5)*	14.3%	11.8%	10.5%
Net interest margin *(Note 6)*	12.9%	10.9%	9.5%
Occupancy rate of e-hailing vehicles:			
Occupancy rate of e-hailing vehicles under operating lease *(Note 7)*	78.8%	90.7%	85.0%

Notes:

(1) Calculated by dividing sum of effective interest rate of newly entered finance lease agreements by the total number of newly entered finance lease agreements entered for the relevant year.

(2) Calculated by dividing finance lease income for the relevant year by the average balance of finance lease receivables.

(3) Calculated by dividing cost of funding for the relevant year by the average balance of borrowings.

(4) Calculated by multiplying the effective interest rate of each borrowings by the corresponding ending balance and dividing by the total ending balance of the borrowings as at each year end.

(5) Calculated as the difference between average yield of finance lease receivables and average cost of borrowings (including bank borrowings and other borrowings).

(6) Calculated by dividing net interest income for the relevant year by the average balance of finance lease receivables.

(7) Calculated by the aggregate number of e-hailing vehicles under operating lease at each month end in the year divided by the aggregate number of e-hailing vehicles at each month end in the year.

During the Track Record Period, the decrease in the average yield of finance lease receivables was primarily due to the completion of relatively higher average yield finance lease agreements entered into prior to 2019 which generally had a term ranging from two to four years. According to CIC, the industry average yield of interest-earning assets before 2019 was relatively higher than during the Track Record Period due to higher average effective interest rate per annum charged by RAFLCs prior to 2019. We enjoyed first-mover advantage by operating finance lease business since 2012 ahead of other major third-party RAFLCs. The competition in the RAFLC market in China intensified during 2018 and 2019 with some Internet-backed RAFLCs adopted competitive pricing in order to win more customers, and it was followed by more RAFLCs in order to sustain market share, leading to a downward adjustment of the industry range of the average effective interest rate per annum for finance lease agreements in 2018 and 2019. Our new automobiles have been sold on finance lease generally with a term of two to four years. As such, our sales of automobile under finance lease entered into prior to 2019 with higher average effective interest rate will last through the subsequent two to four years. While we also entered into new sales of automobile under finance lease with lower average effective interest rate subsequent to 2019, hence our average yield of interest-earning assets was lower than prior to 2019. According to CIC, we were able to charge higher average interest rates for the finance lease agreements than other RAFLCs, because of our flexible product offerings, strong offline capability and developed risk management system to expand customer reach and control asset quality. According to CIC, there was no major issue which may exert significant downward pressure on effective interest rates charged by industry players as the Latest Practicable Date. Lower effective interest rates of automobile finance lease services may be charged by industry players from time to time if the RAFLCs offer occasional promotions and more competitive pricing options to car buyers, and fluctuations in market interest rates could also affect the level of effective interest rates charged by RAFLCs. However, the greater market acceptance of automobile finance lease services in China can potentially offset the aforesaid impacts, if any.

Our average effective interest rate charged for newly entered finance lease agreements remained relatively stable for the years ended 31 December 2020 and 2021 and decreased to 18.5% for the year ended 31 December 2022, which was primarily attributable to the lower contribution of newly entered finance lease agreements for new automobiles to the total newly entered finance lease agreements for the year ended 31 December 2022 as compared to the year ended 31 December 2021, which generally had higher average effective interest rate during the Track Record Period.

During the Track Record Period, our average cost of borrowings was 8.0%, 8.6% and 8.5%, respectively. The average cost of borrowings is calculated by dividing the cost of funding for the relevant year by the average balance of borrowings. The average balance of borrowings is the average of the beginning balance and the ending balance of borrowings for the relevant year.

The lower average cost of borrowings for the year ended 31 December 2020 was mainly attributable to we had 46% of new borrowings in 2020 draw down in November and December 2020, hence the cost of which had less impact on total cost of funding for the whole year of 2020. In comparison, for the years ended 31 December 2021 and 2022, we had 26% and 32% of new borrowings drawn down in November and December 2021 and 2022 for the corresponding year.

During the Track Record Period, our weighted average effective interest rate of borrowings remained relatively stable.

The decrease in net interest spread from 14.3% for the year ended 31 December 2020 to 11.8% for the year ended 31 December 2021, then remained relatively stable at 10.5% for the year ended 31 December 2022, were primarily due to the decrease in the average yield of finance lease receivables from 22.3% for the year ended 31 December 2020 to 20.4% for the year ended 31 December 2021, then further decreased to 19.0% for the year ended 31 December 2022, while the average cost of borrowings increased from 8.0% for the year ended 31 December 2020 to 8.6% for the year ended 31 December 2021, then remained relatively stable at 8.5% for the year ended 31 December 2022.

The decrease in our net interest margin from 12.9% for the year ended 31 December 2020 to 10.9% for the year ended 31 December 2021, then further decreased to 9.5% for the year ended 31 December 2022, primarily due to the increase in our finance cost during the Track Record Period, driven by our increased borrowings to support our business growth.

Summary of Consolidated Statements of Financial Position

	As at 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Current assets	793,854	947,498	1,241,300
Current liabilities	(851,549)	(1,094,723)	(1,199,532)
Net current assets/(liabilities)	(57,695)	(147,225)	41,768
Non-current assets	1,103,875	1,255,480	1,357,457
Non-current liabilities	(638,008)	(664,743)	(892,611)
Net assets	408,172	443,512	506,614
Non-controlling interests	11,633	8,208	6,377

Our non-current assets are primarily finance lease receivables and automobiles for operating lease.

Our current assets are mainly finance lease receivables, automobiles for automobile retail and finance, and prepayment, deposit and other receivables.

Our net assets increased from RMB408.2 million as at 31 December 2020 to RMB443.5 million as at 31 December 2021, mainly due to profit for the year of approximately RMB30.7 million. Our net assets further increased to RMB506.6 million as at 31 December 2022, due to (i) the increase in our profit for the year of approximately RMB77.1 million; (ii) changes in fair value of ordinary share with redemption right due to own credit risk of approximately RMB2.4 million; and offset by (iii) exchange difference arising from translation of functional currency of approximately RMB16.4 million. Please refer to "Accountant's Report — Consolidated Statements of Changes in Equity" for details.

Both of our current liabilities and non-current liabilities are mainly borrowings and ordinary shares with redemption right.

Our net current liabilities increased from RMB57.7 million as at 31 December 2020 to RMB147.2 million as at 31 December 2021, mainly due to the inclusion of ordinary shares with redemption right in the current liabilities of approximately RMB196.6 million for the year ended 31 December 2021 whereas the ordinary shares with redemption right was included in the non-current liabilities for the year ended 31 December 2020. The Company has issued ordinary shares with redemption right to certain **[REDACTED]** investors, which were classified as financial liabilities due to the redemption feature given to the holders and would be converted to equity upon the **[REDACTED]**. Such redemption right was no longer exercisable upon the filing of the **[REDACTED]** application and will be terminated upon **[REDACTED]**. We recorded net current assets of RMB41.8 million as at 31 December 2022, as compared to net current liabilities of RMB147.2 million as at 31 December 2021, primarily due to the increase in our cash and cash equivalents of approximately RMB121.7 million, the increase in finance lease receivables of approximately RMB95.7 million and the increase in inventories of approximately RMB51.8 million, and partially offset by the increase in our borrowings of approximately RMB102.0 million as at 31 December 2022, as compared to that as at 31 December 2021. Under current liabilities, ordinary shares with redemption right amounted to RMB196.6 million and RMB163.1 million as at 31 December 2021 and 2022, respectively.

INVENTORY MANAGEMENT

Our inventories consist of new and repossessed automobiles for our automobile retail and finance business and vehicle telematics equipment. We monitor our inventories from time to time and strive to maintain an optimal inventory level of automobiles. Our average inventory turnover days for our automobile finance lease business were 96 days, 54 days and 58 days for the years ended 31 December 2020, 2021 and 2022, respectively. Please see the sections headed "Business — Inventory Management" and "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Inventories" for more details.

Summary of Consolidated Statements of Cash Flows

	Year ended 31 December		
	2020	**2021**	**2022**
	RMB'000	*RMB'000*	*RMB'000*
Net cash (used in)/generated from operating activities	229,881	(77,409)	(74,000)
Net cash used in investing activities	(171,219)	(58,172)	(119,133)
Net cash generated from/ (used in) financing activities	(163,009)	203,073	314,827
Net (decrease)/increase in cash and cash equivalents	(104,347)	67,493	121,694
Cash and cash equivalents at beginning of year	119,160	11,880	79,373
Effect on foreign exchange rate difference	(2,933)	—	11
Cash and cash equivalents at end of year	11,880	79,373	201,078

Our automobile retail and finance business generally required to purchase automobiles first, then sell the automobiles to customers through finance lease. Payments related to automobile purchases are cash outflow and finance lease income from customers are cash inflow from operating activities. The automobile purchase and related expenses need to be paid in full within a relatively short period of time. For automobile finance lease receivables, customers pay us in monthly installments according to the lease term, which is generally two to four years. Our new automobile purchases are usually funded by debt financing arrangements, which is under the cash flow from our financing activities.

Our cash flow from operating activities for the year ended 31 December 2020 was positive, mainly due to the decrease in the sales of new automobiles caused by the outbreaks of COVID-19 in 2020, which corresponded to a reduction in the payment for automobile purchases, while the existing finance lease agreements continue to generate cash inflow, resulting in a positive cash flow from operating activities for the year ended 31 December 2020.

For the years ended 31 December 2021 and 2022, the net cash used in operating activities, mainly due to the increase in the number of new automobiles sold and the increase in the number of new finance lease agreements entered where the corresponding purchase of new automobiles and related purchase taxes, insurance and other expenses have increased, which were fully paid in a relatively short period of time, usually within three months, exceeded the amount of the monthly repayment of finance lease agreements and the operating lease rentals, resulting in cash outflows for the years ended 31 December 2021 and 2022. See the sub-section headed "Financial Information — Liquidity and Capital Resources — Cash Flow" for further details of cash flow.

We experienced the net cash used in operating activities for business growth during the Track Record Period. This was mainly due to the fact that our new automobile purchases are mainly financed by debt financings, such debt financings are included in another cash flow category, namely net cash generated from financing activities.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios for the years as at each of the dates indicated:

	For the year ended 31 December		
	2020	**2021**	**2022**
Gross profit margin (%)	40.5	30.9	32.8
Net profit margin (%)	1.4	2.6	6.8
Return on equity (%)	2.5	6.9	15.2
Return on total assets (%)	0.5	1.4	3.0

	As at 31 December		
	2020	**2021**	**2022**
Current ratio (times)	0.9	0.9	1.0
Quick ratio (times)	0.8	0.7	0.9
Gearing ratio (%) *(Note 1)*	74.0	74.8	75.1
Risk assets to equity ratio (times) *(Note 2)*	4.6	4.8	4.8
Non-performing asset ratio (%)	0.7	0.7	0.7
Allowance coverage ratio for non-performing assets (%)	134.3	126.5	127.5
Ratio of allowance for impairment losses to net finance lease receivables (%)	0.9	0.8	0.9

Notes:

(1) Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "borrowings and lease liabilities" as shown in the consolidated statement of financial position) less cash and cash equivalents. Our Group does not consider the amount of ordinary shares with redemption right when calculating net debt. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

(2) On 26 May 2020, the CBIRC promulgated the Interim Measures for the Supervision and Administration of Finance Lease Companies (《融資租賃公司監督管理暫行辦法》) (the "**Interim Measures**") with the immediate effect, which made supplement and further requirements for finance lease enterprises on the basis of Measures for Finance Lease Enterprises. Under the Interim Measures, the total amount of risk assets of finance lease companies shall not exceed eight times of their net assets (total equity). Risk assets to equity ratio represents risk assets divided by total equity as at the respective dates. Risk assets are the total amount of residual assets determined by deducting cash, bank deposit, PRC treasury securities and entrusted leased assets from the total assets.

The following table sets out our gross profit and gross profit margin by revenue stream for the years indicated:

	Year ended 31 December					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Automobile retail and finance	257,905	43.2	328,527	32.4	340,910	34.2
Other automobile-related services	45,693	30.0	33,229	20.9	33,537	19.9
Total	303,598	40.5	361,756	30.9	374,447	32.8

As each of the existing or new services and products often carries a different cost structure and gross profit margin, our product and service mix will impact our overall cost structure and gross profit margin. Thus, our results of operation may vary from period to period as a result of the change in the composition of our revenue from different product and service mix. During the Track Record Period, sales of automobile under finance lease was the largest component of our total revenue, which contributed 48.4%, 66.4% and 64.4% of our total revenue for the years ended 31 December 2020, 2021 and 2022, respectively.

Other than the year ended 31 December 2020, our gross profit margin of our automobile retail and finance segment remained relatively stable during the Track Record Period. The higher gross profit margin for the year ended 31 December 2020 as compared to the years ended 31 December 2021 and 2022, was primarily due to the decreased sales of automobile as a result of the impact of the outbreak of COVID-19 in the PRC in 2020, hence the proportional contribution from our sales of automobile for the year ended 31 December 2020 was lower than the years ended 31 December 2021 and 2022. Our cost of revenue principally included cost of inventories, which is the value of our new automobiles sold on finance lease. For the years ended 31 December 2020, 2021 and 2022, our cost of inventories represented 84.3%, 81.4% and 81.1% of our revenue generated from sales of automobile under finance lease. As our gross profit margin of sales of automobile under finance lease was lower than that of finance lease income, the change in revenue mix led to the fluctuation of our gross margin for automobile retail and finance segment during the Track Record Period.

Our gross profit margin for the automobile-related services decreased from 30.0% for the year ended 31 December 2020 to 20.9% for the year ended 31 December 2021, primarily due to the change in revenue mix of the automobile-related services, mainly resulted from the increase in revenue from the automobile operating lease, which has a lower gross profit margin than our other automobile-related services. Our gross profit margin for the automobile-related services increased to 23.2% for the year ended 31 December 2022, as compared to 20.9% for the year ended 31 December 2021, mainly due to the decrease in revenue from the automobile operating lease.

For details of our gross profit and gross profit margin analysis, please see the sub-section headed "Financial Information — Gross profit and gross profit margin".

As at 31 December 2020, 2021 and 2022, our non-performing asset ratios were 0.7%, 0.7% and 0.7%, respectively. According to the CIC Report, the industry average non-performing asset ratios as at 31 December 2021 and 2022 were 1.5% and 1.5%, respectively. As such, our non-performing asset ratios as at 31 December 2021 and 2022 were lower than the industry average.

[REDACTED] EXPENSES

Our **[REDACTED]** expenses mainly comprise professional fees paid and payable to the professional parties for their services rendered in relation to the **[REDACTED]** and the **[REDACTED]**. We estimate that total expenses in relation to the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and no exercise of the **[REDACTED]**) will be RMB**[REDACTED]** million, comprising (a) **[REDACTED]** of approximately RMB**[REDACTED]** million; (b) sponsor fees of approximately RMB**[REDACTED]** million; and (c) non-**[REDACTED]** related expenses of approximately RMB**[REDACTED]** million, including (1) fees and expenses of legal advisers and the Reporting Accountant of approximately RMB**[REDACTED]** million; and (2) other fees and expenses of approximately RMB**[REDACTED]** million, representing approximately **[REDACTED]**% of the gross **[REDACTED]** of the **[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** and no exercise of the **[REDACTED]**). Up to 31 December 2022, we incurred **[REDACTED]** expenses of RMB**[REDACTED]** million, of which (a) RMB**[REDACTED]** million was charged to our administrative expenses during the Track Record Period; (b) RMB**[REDACTED]** million was charged to our administrative expenses prior to the Track Record Period; and (c) RMB**[REDACTED]** million will be deducted from equity upon **[REDACTED]**. We expect to incur additional **[REDACTED]** expenses of RMB**[REDACTED]** million, of which RMB**[REDACTED]** million expected to be recognised as administrative expenses and RMB**[REDACTED]** million (together with the previously incurred **[REDACTED]** expenses recorded as prepayment) expected to be recognised as a deduction in equity for the year ending 31 December 2023. The **[REDACTED]** expenses directly attributable to the issue of our shares will be deducted from equity upon **[REDACTED]**. The above total **[REDACTED]** expenses are the latest practicable estimates for reference only, and the final amount to be recognised may differ from these estimates.

IMPACT OF COVID-19 OUTBREAK ON OUR BUSINESS

In response to the outbreak of COVID-19 in the PRC in 2020, the PRC government has imposed quarantine measures across China, and local governments have also imposed temporary mobility restrictions or travel bans to control the spread of COVID-19. As a result, normal economic activities throughout China have been significantly curtailed due to the outbreak of COVID-19 in the PRC in 2020.

We have taken a series of measures in response to the COVID-19 outbreak in the PRC in 2020, including, among others, remote working arrangements for some of our employees, temporary closure of some of our sales outlets, reduction in advertising spending, headcount freeze, and reduction of purchase of new automobiles.

There has been a significant decrease in the number of confirmed COVID-19 cases in PRC since the second quarter of 2020. The PRC government has gradually lifted domestic travel restrictions and other quarantine measures, and economic activities have begun to recover and return to normal since the second half of 2020. Our business started to recover in the fourth quarter of 2020.

In 2021, our business was fully recovered as illustrated below. The number of newly signed finance lease increased by 43.9% from 7,859 agreements for the year ended 31 December 2020 to 11,308 agreements for the year ended 31 December 2021. The average occupancy rate for e-hailing operating lease increased from 78.8% for the year ended 31 December 2020 to 90.7% for the year ended 31 December 2021.

Following the resurgence of COVID-19 in a number of provinces in the PRC, lockdown of several cities and regions in the PRC and pandemic control measures were implemented during the period from October 2022 to early December 2022 as a means to contain the spread of COVID-19. The pandemic control measures impacted our operations as certain of our self-operated sales outlets had to temporarily suspend operations.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

On 11 November 2022, the PRC government released a circular on further optimising the COVID-19 responses, the "Notice on Further Optimizing and Implementing Measures for Prevention and Control of the COVID-19 Pandemic", announcing 20 prevention and control measures, followed by ten new COVID-19 easing measures on 7 December 2022. The ten new measures were introduced based on the latest epidemic situation and mutation of the virus to contain the epidemic in a more science-based and targeted manner, according to the circular issued by the Joint Prevention and Control Mechanism of the State Council. Further on 27 December 2022, the PRC government announced China will manage COVID-19 with measures against Class B infectious diseases, instead of Class A infectious diseases, in a major shift of its epidemic response policies. Local authorities will drop quarantine measures against people infected with novel coronavirus and stop identifying close contacts or designating high-risk and low-risk areas. Following the adjustment, China's COVID-19 prevention and control efforts will focus on protecting health and preventing severe cases. Such measures will be rolled out to protect people's lives and health to the utmost and minimize the impact of the epidemic on economic and social development. According to the data released by China's Center for Disease Control and Prevention on 18 February 2023, since early December 2022, the number of reported COVID-19 positive cases in China has fluctuated, with a peak in mid-December 2022, followed by a decreasing trend. According to CIC, the sales volume of new automobiles in the PRC decreased by 7% for the first quarter of 2023 as compared to the same period of 2022. For the e-hailing industry, according to CIC, due to the lock down measures in several cities in the first three quarters of 2022 including some higher tier cities such as Shanghai, Beijing and Shenzhen and national wide infection of COVID-19 in the fourth quarter of 2022, the total travel demand of consumers have decreased month by month since the beginning of 2022, resulting in the decrease of the total number of e-hailing rides in 2022. With China announcing to optimise epidemic prevention and control at the end of 2022, the total number of e-hailing rides have gradually recovered. In January 2023, February 2023 and March 2023, the total number of e-hailing rides had increased by 14.1%, 13.3% and 9.7% as compared to December 2022, January 2023 and February 2023, respectively. With the gradually recovery of China's economy and the travel demand of consumers, the total number of e-hailing rides is expected to improve.

According to CIC, the sales volume of new automobiles in the PRC decreased by 7% for the first quarter of 2023 as compared to the same period of 2022, principally resulting from the gradual expiration of purchase tax benefit for passenger vehicles with a displacement up to 2.0 liters with price lower than RMB300,000 per unit by the end of 2022. For the first quarter of 2023 as compared to the same period of 2022, the number of new automobiles sold increased by 5.5%, mainly due to our pricing strategy by passing the purchase tax benefit to our finance lease customers from the automobiles we purchased in fourth quarter of 2022, before the purchase tax benefit expired as at 31 December 2022. Our e-hailing occupancy rate decreased from 89.0% for the first quarter of 2022 to 68.3% for the same period of 2023, mainly due to the fact that 666 units of our 897 units of new automobiles for e-hailing operating lease newly purchased in November and December 2022 have not completed the application and obtained the E-Hailing Transport Certificate as at 1 January 2023 and were not put into operation fully for the first quarter of 2023.

No Material Adverse Change

Our Directors confirm that after performing all the due diligence work which our Directors consider appropriate, there had been no material adverse change in our financial or trading position or prospects since 31 December 2022 and up to the date of this document, and that there has been no event since 31 December 2022 which would materially affect the information shown in the Accountant's Report, the text of which as set out in Appendix I to this document. Our Directors also confirm that there has not been any material change in our indebtedness and contingent liabilities since 31 December 2022.

CERTAIN PRC LAWS AND REGULATIONS

Laws and Regulations on Cybersecurity Review

China Cybersecurity Review Technology and Certification Center (CCRC, formerly known as China Information Security Certification Center) undertakes network security review technical support and certification work, according to Cybersecurity Review Measures, which was promulgated by the CAC. The CAC is the rule-making authority and the CCRC is responsible for undertaking the rules promulgated by the CAC.

On 16 November 2021, the Cyberspace Administration of China (the "**CAC**"), with other governmental authorities, jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**"), the revised Cybersecurity Review Measures which came into effect on 15 February 2022. The Cybersecurity Review Measures provide that the procurement of network products and services by critical information infrastructure operators (關鍵信息基礎設施運營者) and the data processing activities carried out by network platform operators (網絡平台運營者) that affect or may affect national security shall be subject to the cybersecurity review by the CAC. Network platform operators holding personal information of more than one million users seeking public listing abroad must apply for a cybersecurity review as well. Critical information infrastructure refers to any network facilities and information systems in important industries and fields that may seriously endanger national security, national economy and people's livelihood, and public interests in the event that they are damaged or lose their functions or their data are leaked. Our Directors confirm, we do not hold or operate any of the abovementioned properties, and the type of data we collect is mainly personal information, including our customers' names, dates of birth, ID numbers, addresses, phone numbers, account numbers, passwords, etc., hence as advised by our PRC Legal advisers, we will not be considered as a critical information infrastructure operator. However, there are no relevant laws and regulations to define "online platform operators", hence it is uncertain whether we will be considered as an online platform operator. Our Directors confirmed as at the Latest Practicable Date we had not more than 0.24 million registered users in total on our 52 Car APP, Kuai Ya Car Rental, a WeChat mini programme (快呀租車微信小程序), Taoqi APP and Go Ziyou APP, which is far less than one million, our PRC Legal Advisers advised that the Cybersecurity Review Measures do not apply to the Group's business. In addition, the CAC may also voluntarily conduct the cybersecurity review if any network products and services and data processing activities affect or may affect national security.

On 14 November 2021, the CAC released the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Data Security Regulations**", together with the Cybersecurity Review Measures, the "**Cybersecurity Regulations**"). The Draft Data Security Regulations cover a wide range of cyber data security issues and govern the use of networks to carry out data processing activities, as well as the supervision and management of cyber data security in the PRC. The Draft Data Security Regulations are applicable to the use of networks to carry out data processing activities, and the supervision and management of network data security in the PRC, as well as several situations of overseas data processing activities that process personal and organisational data of PRC. We conducted a verbal consultation with the CCRC on 15 December 2022 for clarification. The interviewee opined that the cybersecurity review will not apply to enterprises seeking public listings in Hong Kong.

As confirmed by our Directors, as at the Latest Practicable Date, we were not involved in any investigations on the cybersecurity review made by the CAC, and we had not received any inquiry, notice or warning, or been subject to any penalties or sanctions in such respect. Our Director confirmed that our Group's relevant internet data protection mechanism has been established. Our Directors confirmed that as at the Latest Practicable Date we had not more than 0.24 million registered users in total on our 52 Car APP, Kuai Ya Car Rental, a WeChat mini programme (快呀租車微信小程序), Taoqi APP and Go Ziyou APP, which is far less than one million users. In the event such number exceeds one million in the future, according to the Cybersecurity Review Measures and the Draft Data Security Regulations, which would be effective in the future, there is a possibility that we may be considered as "online platform operator" by the CAC, and thus need to apply for cybersecurity review. According to the Cybersecurity Regulations, to file an application for cybersecurity review, the operator shall submit a list of documents, including a written declaration and an analysis report concerning the impact or possible impact on national security, the procurement documents, and business agreements and/or **[REDACTED]** related application documents, etc. As confirmed by our Directors, we will be able to provide these documents timely and accurately. In addition, the Cybersecurity Regulations do not require the applicant to suspend the business until the completion of the cybersecurity review. Therefore, as advised by our PRC Legal advisers, if the Cybersecurity Regulations takes effect in the current form in the future, the Group does not have any obstacles in meeting the requirements and completing the application timely.

Accordingly, our PRC Legal Advisers advised, and our Directors concur, that (i) our Group would be able to comply with the Cybersecurity Regulations in all material aspects; (ii) the Cybersecurity Regulations would not have any material adverse impact on our business operations; and (iii) our **[REDACTED]** in Hong Kong will not give rise to national security risks based on the factors set out in Article 10 of the Cybersecurity Review Measures, assuming the Draft Data Security Regulations are implemented in their current form. The PRC legal advisers to the Sole Sponsor and the Sole Sponsor concur with the aforesaid view of our PRC Legal Advisers.

Laws and Regulations on e-hailing services

Our Directors confirmed that our PRC subsidiary only serves as an e-hailing vehicles provider, which neither owns the online service platforms nor operates any e-hailing business. As advised by our PRC Legal Advisers and our Directors confirmed that our PRC subsidiary was only responsible for obtaining transport certificates for the e-hailing vehicles during the Track Record Period. As advised by our PRC Legal Advisers after due diligence and as confirmed by our Directors, all of our e-hailing vehicles under operating lease and finance lease during the Track Record Period and up to the Latest Practicable Date have obtained Transport Certificates for E-hailing. In addition, if the vehicle that provides the aforesaid services operates without the transport certificate for e-hailing vehicles, the e-hailing platform company or the drivers, rather than the e-hailing vehicle providers, may be ordered to make rectification or fined by the competent administrative departments of transportation and prices. Therefore, as advised by our PRC Legal Advisers, the below regulations on e-hailing industry published recently mainly regulate online e-hailing platform enterprises and are not applicable to our Group's businesses, and do not have any bearing on our Group's business and operation. As advised by CIC, the four recently published regulations in relation to the e-hailing service industry as mentioned are not expected to have material impact on the e-hailing platform operators or the e-hailing service industry at large as they only provide for further details of the requirements on e-hailing platform operators by existing legislations and do not impose new onerous requirements. The Directors concur with CIC's view and do not expect that such regulations to have material direct or indirect impact on the Group's e-hailing operating lease business. For details of the Provisional Measures for Administration of E-Hailing Services (《網絡預約出租汽車經營服務管理暫行辦法》) (the "**E-Hailing Measures**"), the Notice on Maintaining Market Order for the Fair Competition and Accelerating the Compliance of E-hailing Vehicles (《關於維護公平競爭市場秩序加快推進網約車合規化的通知》), the Opinions on Strengthening the Protection of the Rights and Interests of Employees in the New Transportation Industry (《關於加強交通運輸新業態從業人員權益保障工作的通知》), the

Notice on Strengthening the Work Related to the Joint Supervision of the Whole Industry Chain of the E-hailing (《關於加強網絡預約出租汽車行業事前事中事後全鏈條聯合監管有關工作的通知》), and the Measures for the Administration of the Operation of Regulatory Information Interactive Platforms for E-hailing (the "**Regulatory Information Interactive Platforms Measures**") (《網絡預約出租汽車監管信息交互平台運行管理辦法》), please refer to "Regulatory Overview- Laws and Regulations on e-hailing Services".

Regulations Related to Overseas Listings

On 17 February 2023, CSRC issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "**Trial Administrative Measures**") and five items of supporting guidelines, which mainly standardise activities relating to direct or indirect overseas issuance and listings of securities by domestic enterprises and became effective on 31 March 2023. According to the Trial Administrative Measures, a domestic company that seeks to offer and list securities in overseas markets shall fulfill the filing procedure with the CSRC as per requirement of the Measures, submit relevant materials that contain a filing report and a legal opinion, and provide truthful, accurate and complete information on the shareholders and disclose other required information. Any overseas offering and listing made by an issuer that meets both the following conditions will be determined as indirect:

(1) 50% or more of the issuer's operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent accounting year is accounted for by domestic companies; and

(2) the main parts of the issuer's business activities are conducted in the Mainland China, or its main places of business are located in the Mainland China, or the senior managers in charge of its business operation and management are mostly Chinese citizens or domiciled in the Mainland China.

In the meanwhile, it is stipulated that under any of the following circumstances, an overseas listing shall not be allowed: (1) there are circumstances in which national laws, regulations and relevant provisions explicitly prohibit listing and financing; (2) the overseas issuance or listing threatens or endangers national security as reviewed and determined by the relevant competent departments of the State Council in accordance with the law; (3) the domestic enterprise and its controlling shareholder or actual controller have committed corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order in the recent three years; (4) the domestic enterprise is being investigated by judiciary for suspected crimes or are being investigated for major violations of laws and regulations and no definite conclusions have been reached; (5) there are major ownership disputes over equity rights held by the controlling shareholder or the shareholder governed by the controlling shareholder or the actual controller.

The Notice on Administrative Arrangements for Filing of Domestic Enterprises' Overseas Issuance and Listing (《關於境內企業境外發行上市備案管理安排的通知》) was promulgated by CSRC on 17 February 2023 and became effective on 31 March 2023.

Since all of our operating revenue and total assets are accounted for by domestic companies and all of our business are conducted in the Mainland China, we are subject to the Trial Administrative Measures, as advised by our PRC Legal Advisers. We submitted the filing documents for record as required by the Trial Administrative Measures on 31 March 2023. Our PRC Legal advisers advised, our Directors concur, that we have complied with the Trial Administrative Measures by submitting filings with CSRC for record after its effectiveness. The PRC legal advisers to the Sole Sponsor and the Sole Sponsor concur with the aforesaid view of our PRC Legal Advisers.

For details regarding the regulations on the overseas listings, please refer to "Regulatory Overview — M&A Rules and Overseas Listings".

STATISTICS OF THE [REDACTED][1]

	Based on [REDACTED] of HK$[REDACTED]
Market capitalisation of our Shares[2]	HK$**[REDACTED]** million
Unaudited pro forma adjusted net tangible asset per Share[3]	HK$**[REDACTED]**

Notes:

(1) All statistics in this table are based on the assumption that the **[REDACTED]** is not exercised and takes no account of any Shares which may be issued upon the exercise of options granted under the **[REDACTED]** Share Option Scheme and any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme.

(2) The calculation of market capitalisation is based on **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** and **[REDACTED]**.

(3) The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after adjustments referred to in the section headed "Appendix II — Unaudited Pro Forma Financial Information" and on the basis that **[REDACTED]** Shares were in issue assuming that the **[REDACTED]** and the **[REDACTED]** have been completed on 31 December 2022 but takes no account of any Shares which may be issued upon the exercise of options granted under the **[REDACTED]** Share Option Scheme, any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme, any Shares which may be issued upon the exercise of the **[REDACTED]** or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this document.

SHAREHOLDERS' INFORMATION

Our Single Largest Shareholder

As at the Latest Practicable Date, Glorypearl Capital, Precious Luck, Happy Gain and Southern Fortune, all of which were controlled by Mr. Huang, held in aggregate approximately 31.18% of our issued share capital. Immediately upon completion of the **[REDACTED]** and the **[REDACTED]**, Mr. Huang will be interested in approximately **[REDACTED]**% of the issued share capital of our Company, taking no account of Shares which may be issued pursuant to the exercise of the **[REDACTED]** or Shares which may be issued upon the exercise of options granted under the **[REDACTED]** Share Option Scheme and options which may be granted under the Share Option Scheme. See "Relationship with Our Single Largest Shareholder" for further details.

[REDACTED] Investments

We have concluded **[REDACTED]** investments with certain investors, including Beijing Chesheng, Zhuhai Wanhe, Ms. Yang Yufen (楊豫芬), Ms. Mao Lin (毛琳), Fuzhou Shenghui, Fuzhou Bojia, Mr. Guo Hongzhi (郭洪志) and Ms. Choo Beng Hiang (朱孟香).

[REDACTED] Share Option Scheme

We [have adopted] the **[REDACTED]** Share Option Scheme to incentivise and reward eligible participants for their contribution or potential contribution to our Group. As at the Latest Practicable Date, no options have been granted under the **[REDACTED]** Share Option Scheme. See "Statutory and General Information — D. Other Information — 2. **[REDACTED]** Share Option Scheme" in Appendix IV to this document for further details.

NEEQ LISTING OF XXF GROUP

The shares of XXF Group became quoted on NEEQ (stock code: 834499) on 11 December 2015, and were subsequently delisted from NEEQ on 15 December 2016, in light of the fact that a listing on a reputable and liquid equity market such as the Stock Exchange can raise the brand awareness, enhance the corporate image and strengthen the corporate governance as well as the minimal trading volume of its shares on NEEQ. For further details, please see "History, Reorganisation and Corporate Structure" in this document.

DIVIDENDS AND DIVIDEND POLICY

We did not declare any dividend during the years ended 31 December 2020, 2021 and 2022.

Our Directors may recommend a payment of dividends in the future after taking into account, among others, our operation and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act.

HIGHLIGHTS OF RISK FACTORS

The major risks relating to the business of our Group include: (i) we are subject to the credit risks of our customers and our credit risk management system may not be able to mitigate all our risk exposure; (ii) we may not be able to repossess the automobiles under our finance lease services in cases of delinquency or default by our customers; (iii) the residual value of the repossessed automobiles or the amount recovered from legal proceedings may not be adequate to cover the remaining amount of financing extended to our customers; (iv) our allowance for impairment on receivables (including finance lease receivables, trade receivables and other receivables) may not be adequate to cover potential credit losses; (v) any material mismatch in the maturity profile of our assets and liabilities may have material adverse impact on our liquidity and our ability to settle our outstanding liabilities; and (vi) we recorded negative cash flow from operating activities during the years ended 31 December 2021 and 2022. If we are unable to obtain additional financing in the future or there is any adverse movement in market interest rates, our business may be materially and adversely affected.

NON-COMPLIANT INCIDENTS

Our non-compliance with PRC laws and regulations during the Track Record Period was failure to register lease agreements with relevant PRC authorities primarily due to the lessors did not provide the necessary supporting documents for filing. See "Business — Legal Compliance" for further details of our non-compliance incidents.