***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. You should read this document in its entirety before you decide to invest in the* [REDACTED]*. There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in "Risk Factors" of this document. You should read that section carefully before you decide to invest in the* [REDACTED].**

OVERVIEW

Who We Are

We provide pledged vehicle monitoring services and automobile dealership operation management services in China. According to CIC, we were the largest pledged vehicle monitoring service provider in China's automobile sales and distribution industry both in terms of revenue in 2022, with a market share of 47.9%, and in terms of the number of automobile dealership users as of December 31, 2022. We achieved such dominant position in the pledged vehicle monitoring service market and outcompeted our peers primarily through (i) our 17 years of operation history and proven track record; (ii) nationwide presence; (iii) VFS system that collects, processes and analyzes data from pledged vehicles; and (iv) R&D capabilities that allow us to continuously improve and iterate our VFS system to meet evolving market demands.

We offer pledged vehicle monitoring services primarily to (i) financial institutions that provide secured financing to automobile dealerships for their purchase of vehicles; and (ii) automobile dealerships with pledged vehicles. As of June 30, 2023, we provided pledged vehicle monitoring services to (i) approximately 200 branches of 18 commercial banks, including all of China's "Big Six" national state-owned commercial banks and 12 joint-stock commercial banks; (ii) 27 automobile finance companies; and (iii) 11,152 automobile dealerships.

Through our provision of pledged vehicle monitoring services over the years, we have accumulated insights regarding China's automobile sales and distribution industry. As a natural extension, we endeavored to expand our business in China's automobile sales and distribution industry and began offering operation management services to automobile dealerships that seek more optimal business and financial performance in April 2022. In order to optimize our services before expanding our offering to the wider market and in light of our strategic business relationship with Changjiu Group, we have initially focused on providing operation management services to automobile dealerships owned by Changjiu Group. Through this arrangement with Changjiu Group, we are able to get feedbacks and enhance our service quality. Given that we commenced this business line relatively recently and additional time is required for us to promote our operation management services to broader industry participants, automobile dealerships owned by Changjiu Group have accounted for substantially all of our customers for this business line. As of June 30, 2023, we managed a total of 75 automobile dealerships, among which 74 were owned by Changjiu Group and one was owned by an Independent Third Party.

Our Value Propositions

We believe our success is based on the value that we provide to our users:

- **Financial institutions**. We provide efficient pledged vehicle monitoring services to financial institutions and enable them to better safeguard the vehicles pledged to them.
- **Automobile dealerships**. By facilitating more effective and cost-efficient monitoring of pledged vehicles and reducing counterparty risks for financial institutions, our pledged vehicle monitoring services may enhance chances for automobile dealerships to obtain loans from financial institutions. Through our automobile dealership operation management services, we recommend and select experienced staff to automobile dealerships and provide operational support, data system and managerial services that aim to enhance their business and financial performance.

Our Performance

We achieved stable growth during the Track Record Period. In 2020, 2021 and 2022, our revenue amounted to RMB430.6 million, RMB477.7 million and RMB547.9 million, respectively, representing a CAGR of 12.8%. Our revenue also increased from RMB258.7 million in the six months ended June 30, 2022 to RMB309.4 million in the six months ended June 30, 2023. The number of automobile dealerships that were using our pledged vehicle monitoring services increased from 8,316 as of December 31, 2020 to 9,205 as of December 31, 2021, then to 10,684 as of December 31, 2022, and further to 11,152 as of June 30, 2023.

OUR BUSINESS LINES

We operate two business lines: (i) pledged vehicle monitoring services and (ii) automobile dealership operation management services.

Pledged Vehicle Monitoring Services

We offer pledged vehicle monitoring services primarily to (i) financial institutions, mainly including commercial banks and automobile finance companies, that provide secured financing to automobile dealerships for their purchase of vehicles; and (ii) automobile dealerships with pledged vehicles. Although automobile dealerships pledge their vehicles to obtain secured financing from financial institutions and generally have a contractual obligation to provide storage places to safeguard the pledged vehicles, the automobile dealerships retain possession of such pledged vehicles. Therefore, it is essential for financial institutions to monitor the pledged vehicles to prevent them from theft, damage or automobile dealerships' embezzlement from a risk management perspective. An effective way to mitigate against such risk is for the financial institutions to enter into tripartite agreements with automobile dealerships and third-party service providers, under which the third-party service providers monitor the pledged vehicles on behalf of the financial institutions.

According to CIC, financial institutions tend to rely on third-party service providers rather than their in-house personnel to provide pledged vehicle monitoring services, primarily because of third-party service providers' cost-efficiency and service quality. According to CIC, as of December 31, 2022, approximately 80% of the financial institutions in China that provided secured financing to automobile dealerships engaged third-party service providers to monitor pledged vehicles. Third-party service providers generally have a team of professional service personnel who are equipped with specialized digital monitoring systems, which enable them to reduce reliance on manpower and identify and report potential risk events in a more comprehensive and cost-effective manner as compared to financial institutions' in-house personnel. A financial institution typically entering into a tripartite agreement with automobile dealership and third-party pledged vehicle monitoring service provider for such services, under which the financial institution engages the service provider to monitor the dealership's pledged vehicles. Under a typical tripartite agreement, the automobile dealership is primarily responsible for purchasing insurance for and providing a safe place for the storage of the pledged vehicles, and the pledged vehicle monitoring service provider is primarily responsible for monitoring the pledged vehicles, managing the vehicle conformity certificates as well as car keys and notifying the financial institution of risk events in a timely manner.

We cater for this business need from financial institutions by offering our professional pledged vehicle monitoring services supported by our digital monitoring systems and complementary hardware. We provide our users with any one or any combination of the following services: (i) pledged vehicle monitoring and lockbox services, under which we hold and keep vehicle conformity certificates and car keys of pledged vehicles in our traditional and electronic lockboxes placed on automobile dealerships' sites or in the locations mutually agreed upon by the financial institutions and automobile dealerships; (ii) collective management of vehicle conformity certificates; (iii) counting of pledged vehicles, vehicle conformity certificates and car keys; and (iv) other ancillary services. Financial institutions and automobile dealerships can choose the service(s) that best suit their needs. For our pledged vehicle monitoring services, we primarily use a cost-plus pricing model: (i) costs of our pledged vehicle monitoring services may vary depending on the average local salary and the manpower required; and (ii) markup on the costs may vary depending on the city tier of the automobile dealerships and their pledged vehicles, and the scope of our services. Either financial institution or automobile dealership may pay for our services under the tripartite service agreement, depending on the negotiation between them. See "—Pledged Vehicle Monitoring Services—Scope of Services."

We provide our pledged vehicle monitoring services through our pledged vehicle monitoring system that consists of the VFS system and Vehicle Connect mobile application, and the integrated complementary hardware that include the RFID labels, PDAs, OBD devices and lockboxes. Our VFS system is a multifunctional IT solution with online operation, automatic alert and pledged vehicle monitoring modules and a pool of over 20,000 preset commands, which allows users to readily choose the settings that best suit their risk management needs without having to create the commands from scratch. Our Vehicle Connect is a mobile application that allows financial institutions and automobile dealerships to access the information collected by our VFS system on mobile devices. See "—Pledged Vehicle Services—Pledged Vehicle Monitoring System—VFS System and Vehicle Connect" for more details. Our customers' confidence in us and our technological advantages were manifested by our market share in terms of revenue of 47.9% in 2022, which was significantly higher than that of the other market participant with an information system, being 25.2%. Considering the information system that we use to facilitate real-time pledged vehicle monitoring for our customers, and our expertise and in-depth knowledge of the automobile sales and distribution industry as well as the practicable difficulties faced by financial institutions in pledged vehicle monitoring, we believe we have distinguished ourselves from our competitors.

Automobile Dealership Operation Management Services

According to CIC, medium- and small-sized automobile dealerships in China generally lack managerial expertise, technological capabilities and sophisticated human resources system. In light of the fierce competition in the industry, these medium- and small-sized automobile dealerships are driven to improve their operational efficiency by adjusting their business plans and upgrading their technologies to cope with the constantly evolving business environment. However, as the competition for each dealership's performance intensifies and medium- and small-sized automobile dealerships lack the necessary managerial expertise or technological capacities, the need for specialized and professional management arises. To cater to such need, we offer management services to medium- and small-sized automobile dealerships that seek more optimal business and financial performance. Our automobile dealership operation management services consist of automobile dealerships operational support, data system and managerial services. We grant automobile dealerships access to our automobile dealership operation management system, namely Smart Star ("智科星"), allowing them to categorize, process and visualize their operational data, such as inventory level, sales and number of customers. Leveraging our insights in the automobile sales and distribution industry and automobile dealership operations, we also (i) formulate development plans for automobile dealerships; (ii) review and supervise the implementation of automobile dealerships' annual business plan; (iii) provide guidance to automobile dealerships to improve their operation and management capabilities, including consultation based on our interpretation of the operational data collected and processed by Smart Star, and guidance relating to systematic improvement on automobile dealerships' management capabilities and operational efficiency; and (iv) assist automobile dealerships to integrate their internal and external corporate resources.

We strive to help automobile dealerships that procure our operation management services improve their operational as well as financial performance through operational support, data system and managerial services, and become more competitive in the market, ultimately contributing to the healthy and sustainable development of the automobile sales and distribution industry.

We typically charge automobile dealerships an annual management fee according to the following schedule: (i) 0.1% of the automobile dealership's expected annual revenue payable within 15 days following the signing date of the automobile dealership operation management service agreement; and (ii) 0.4% of the actual quarterly revenue payable within seven days following the end of each of the subsequent quarters. We may also raise our fees subject to market price fluctuations and the scope of services we provide after negotiations with our customers.

During the Track Record Period, we primarily generated revenue from pledged vehicle monitoring services. In April 2022, we started to provide operation management services to automobile dealerships. In 2022 and the six months ended June 30, 2023 the majority of our revenue from our operation management services was derived from automobile dealerships owned by Changjiu Group. The following table sets forth a breakdown of our revenue by business line for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2020		2021		2022		2022		2023	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000) (unaudited)	(%)	(RMB'000)	(%)
Pledged vehicle monitoring services	430,587	100.0	477,697	100.0	505,049	92.2	245,760	95.0	279,067	90.2
Automobile dealership operation management services	–	–	–	–	42,818	7.8	12,892	5.0	30,364	9.8
Total	**430,587**	**100.0**	**477,697**	**100.0**	**547,867**	**100.0**	**258,652**	**100.0**	**309,431**	**100.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by business line for the periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2020		2021		2022		2022		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Pledged vehicle monitoring services	168,958	39.2	182,296	38.2	209,690	41.5	99,172	40.4	121,464	43.5
Automobile dealership operation management services	–	–	–	–	15,349	35.8	7,076	54.9	11,939	39.3
Total gross profit/overall gross profit margin	**168,958**	**39.2**	**182,296**	**38.2**	**225,039**	**41.1**	**106,248**	**41.1**	**133,403**	**43.1**

Our overall gross profit margin remained stable in 2020 and 2021. Our overall gross profit margin increased from 38.2% in 2021 to 41.1% in 2022 and increased from 41.1% for the six months ended June 30, 2022 to 43.1% for the same period in 2023, which was primarily attributable to an increase in gross profit margin of pledged vehicle monitoring services as our business continued to grow, we realized economies of scale with the support of our technologies, which enabled our subcontractors to supervise multiple automobile dealerships at the same time.

Our gross profit margin for pledged vehicle monitoring services decreased from 39.2% in 2020 to 38.2% in 2021, primarily because our cost of sales for such services increased by 12.9% from RMB261.6 million in 2020 to RMB295.4 million in 2021, which was primarily due to an RMB32.7 million increase in subcontracting costs for supervising the pledged vehicles across regions as a result of our business expansion. Our gross profit margin for pledged vehicle monitoring services increased from 38.2% in 2021 to 41.5% in 2022 and increased from 40.4% for the six months ended June 30, 2022 to 43.5% for the same period in 2023, primarily because our business continued to grow and we realized economies of scale with the support of our technologies, which enabled our subcontractors to supervise multiple automobile dealerships at the same time.

Our gross profit margin for automobile dealership operation management services decreased from 54.9% for the six months ended June 30, 2022 to 39.3% for the same period in 2023, primarily due to (i) the expansion of our service team for automobile dealership operation management services and the related increase in staff costs and (ii) the share-based payment incurred in the six months ended June 30, 2023 in connection with the grant of certain share options. See "History, Reorganization and Corporate Structure – [**REDACTED**] Share Incentive Plans" for more details of the grant of share options.

KEY OPERATING METRICS

The table below sets forth the movement of the number of our pledged vehicle monitoring service agreements during the Track Record Period.

	For the years ended December 31,			For the six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
At the beginning of the period	9,631	10,963	12,271	12,271	14,503
New engagement	4,752	5,319	6,411	2,708	3,615
Termination	(3,420)	(4,011)	(4,179)	(2,233)	(2,659)
At the end of the period	**10,963**	**12,271**	**14,503**	**12,746**	**15,459**

We recorded termination of 3,420, 4,011, 4,179, 2,233 and 2,659 pledged vehicle monitoring service agreements, respectively, in 2020, 2021, 2022 and the six months ended June 30, 2022 and 2023, primarily because after automobile dealerships have sold all the pledged vehicles or repaid the secured financing, the relevant financial institutions would typically send us a notice to terminate the pledged vehicle monitoring service agreements with us as required by the relevant contractual terms. According to CIC, in the automobile sales and distribution industry in China, after an automobile dealership sells all the pledged vehicles or repaid its secured financing, it is common for the financial institution to send a termination notice to the relevant pledged vehicle monitoring service provider instead of continuing to use its monitoring services to cover the dealership's new pledged vehicles, or wait till the pledged vehicle monitoring service agreement expires.

As of December 31, 2020, 2021 and 2022 and June 30, 2022 and 2023, we monitored approximately 636,100, 525,500, 710,400, 580,400 and 786,700 pledged vehicles, respectively. The number of pledged vehicles that we monitored decreased from 636,100 as of December 31, 2020 to 525,500 as of December 31, 2021, primarily due to a decrease in the demand for new vehicles and a slowdown in automobile transactions at automobile dealerships as a result of the COVID-19 pandemic. As the market recovered and the sales volume of new vehicles increased in 2022, the number of pledged vehicles we monitored increased to 710,400 as of December 31, 2022.

We typically enter into tripartite agreements with financial institutions and automobile dealerships for such services. Although our pledged vehicle monitoring services are designed to help financial institutions manage secured financing provided to automobile dealerships, we consider the paying party under such tripartite agreements as our customer, which may be either financial institutions or automobile dealerships, depending on the negotiation among the contracting parties, and we consider both financial institutions and automobile dealerships as our users. To the best of our knowledge, the negotiations regarding the paying party of our pledged vehicle monitoring services may take into consideration (i) financial institutions' past experience with automobile dealerships, or automobile dealerships' track record; and (ii) the amount of secured financing. If an automobile dealership is a regular borrower with a decent track record as manifested by timely interest payment and principal repayment, or if the secured financing that an automobile dealership borrows is sufficiently large, the financial institution may be the paying party of our services after negotiations with the dealership. See "Business—Pledged Vehicle Monitoring Services—Key Terms of Pledged Vehicle Monitoring Service Agreements" for more details.

The following table sets forth the number of users of our pledged vehicle monitoring services as of the dates indicated.

	As of December 31,			As of June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
Financial institutions	211	206	219	206	223
– Commercial bank branches	183	179	195	180	196
– Automobile finance companies	28	27	24	26	27
Automobile dealerships	8,316	9,205	10,684	9,700	11,152

The following table sets forth the user-based net expansion rate of our pledged vehicle monitoring services by type of users for the periods indicated. To calculate the user-based net expansion rate for a given period, we divide the difference between the number of our users as of the end and as of the beginning of that period by the corresponding number as of the beginning of the given period.

	For the year ended December 31,			For the six months ended June 30,	
	2020	**2021**	**2022**	**2022**	**2023**
			(%)		
Financial institutions	(3.7)	(2.4)	6.3	0.0	1.8
– Commercial bank branches	(4.7)	(2.2)	8.9	0.6	0.5
– Automobile finance companies	3.7	(3.6)	(11.1)	(3.7)	12.5
Automobile dealerships	10.5	10.7	16.1	5.4	4.4
Overall	**6.8**	**10.4**	**15.9**	**5.3**	**4.3**

The change in the number of users during the Track Record Period was primarily due to changes in demand for our pledged vehicle monitoring services, which was mainly attributable to (i) expansion or contraction of the automobile sales market as a result of the ongoing macroeconomy and/or industry development; and (ii) competition from other market participants.

Our user-based net expansion rate of commercial bank branches increased from a net contraction rate of 2.2% in 2021 to a net expansion rate of 8.9% in 2022, and our user-based net expansion rate of automobile dealerships increased from 10.7% in 2021 to 16.1% in 2022, primarily due to the rapid growth of the NEV market in 2022. As the NEV market expanded, automobile dealerships' demand for secured financing to purchase NEVs increased, and commercial bank branches' demand for our pledged vehicle monitoring services to monitor pledged NEVs increased in tandem. Our user-based net expansion rate of automobile finance companies increased from a net contraction of 3.7% in the six months ended June 30, 2022 to a net expansion rate of 12.5% in the six months ended June 30, 2023, primarily because our automobile finance company users slightly decreased from 27 as of December 31, 2021 to 26 as of June 30, 2022, then decreased to 24 as of December 31, 2022 and subsequently increased back to 27 as of June 30, 2023, which was a normal fluctuation during the course of our business.

The following table sets forth the retention rate of our pledged vehicle monitoring services by type of users for the years indicated. To calculate the retention rate for a given year, we divide the number of users as of the end of that year who were also our users as of the end of the previous year by the number of users as of the end of the previous year.

	For the years ended December 31,		
	2020	**2021**	**2022**
		(%)	
Financial institutions	66.8	83.9	92.4
Automobile dealerships	81.7	82.4	84.9

During the Track Record Period, our retention rate of financial institutions steadily increased from 66.8% in 2020 to 83.9% in 2021, then to 92.4% in 2022, primarily because we (i) continuously upgraded our VFS system and Vehicle Connect to facilitate the monitoring of pledged vehicles for financial institutions; and (ii) improved our services and products based on financial institutions' demands and feedbacks. During the Track Record Period, our retention rate of automobile dealerships remained relatively high and stable, primarily due to (i) our national service coverage; (ii) the various financial institutions that we served; and (iii) our VFS system and Vehicle Connect that facilitate the whole process of secured financing.

In each of the years ended December 31, 2020, 2021 and 2022 and the six months ended June 30, 2023, the average revenue contribution by our top ten customers in that period was RMB12.3 million, RMB13.5 million, RMB17.6 million and RMB10.4 million, respectively.

The following table sets forth (i) the average and the range of monthly service fees that charged for our pledged vehicle monitoring services; and (ii) the average and the range of duration of our pledged vehicle monitoring service agreements in 2020, 2021, 2022 and the six months ended June 30, 2023.

	For the years ended December 31,			For the six months ended June 30,
	2020	**2021**	**2022**	**2023**
Average service fee *(RMB/month/service agreement)*[1]	3,564	3,527	3,252	3,206
Range of service fee *(RMB/month/service agreement)*	1,459-14,500	1,800-11,600	1,800-8,100	1,600-10,800
Average agreement duration *(days)*[2]	636	716	722	713
Range of agreement duration *(days)*[2]	1-4,400	1-5,145	1-5,214	1-5,562

Notes:

(1) Average service fee per month is calculated by dividing our revenue from pledged vehicle monitoring services in a period by (i) the number of pledged vehicle monitoring service agreements that we had entered into as of the end of that period, and by (ii) twelve.

(2) Agreement duration refers to the actual length of time that we provided our pledged vehicle monitoring services, including those that we were entrusted to provide under the Unassigned Agreements, to an automobile dealership that obtained secured financing from a particular financial institution without interruption.

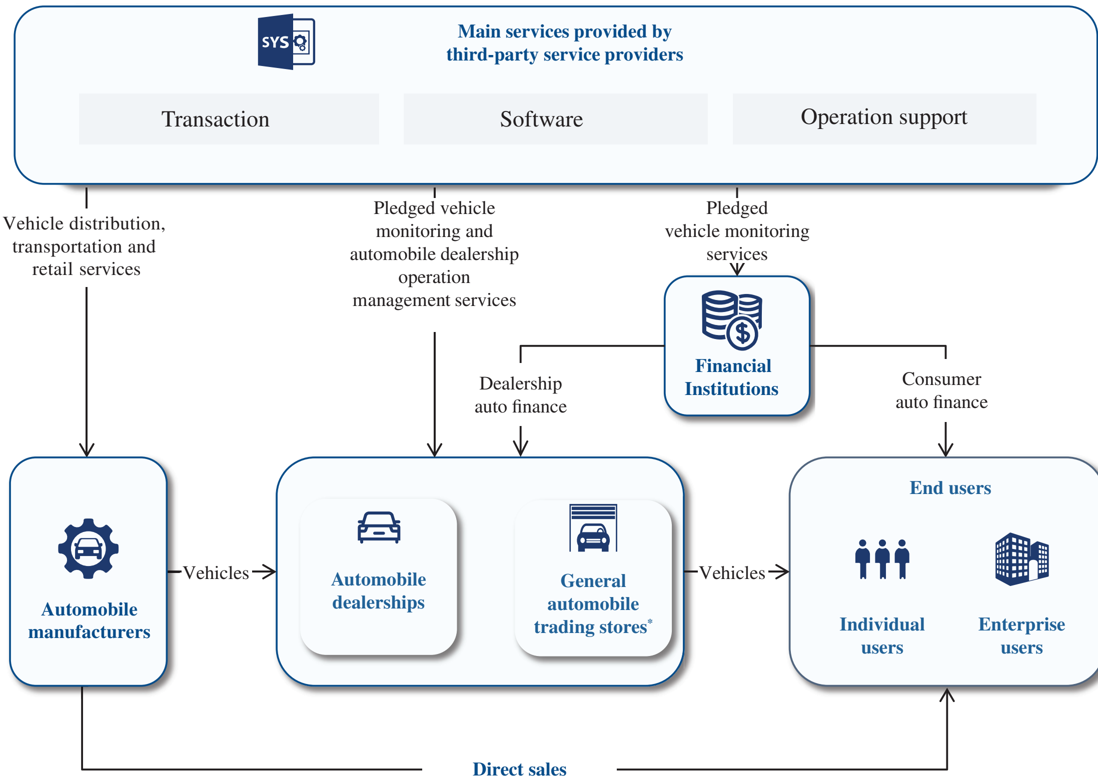
The following table sets forth the expiration schedule of our existing pledged vehicle monitoring service agreements as of the Latest Practicable Date.

	As of the Latest Practicable Date
Service agreements without fixed terms	12,784
Service agreements with fixed terms expiring in:	
– Year ending December 31, 2023	383
– Year ending December 31, 2024	2,644
– Year ending December 31, 2025	665
– Year ending December 31, 2026 and beyond	232
Total	**16,708**

Market Demand and Competitive Landscape

Value chain of the automobile sales and distribution industry

Automobile sales and distribution is a crucial step in the automobile industry that bridges automobile manufacturers and automobile end users. Participants in the automobile sales and distribution industry mainly include automobile manufacturers, automobile dealerships, general automobile trading stores, financial institutions and third-party service providers. Automobile manufacturers mainly focus on vehicle design, production and manufacturing, and are the upstream suppliers of passenger automobiles. Automobile dealerships and general automobile trading stores primarily engage in the sale of passenger vehicles. They also provide automobile repair and maintenance services, automobile financing services, insurance services and other after-sales services to downstream users. Financial institutions mainly provide financial services to automobile dealerships and automobile end users, such as vehicle inventory financing and vehicle purchase financing. Third-party service providers in the automobile sales and distribution industry mainly provide (i) transaction services, such as consumer auto finance services; (ii) software services, such as enterprise resource planning (ERP), customer relationship management (CRM), material required planning (MRP) and warehouse management system (MRS); and (iii) operation-related services, such as vehicle distribution, transportation and retail services, to automobile manufacturers, automobile dealerships, financial institutions and other enterprise users. Some participants in the industry also provide specialized services such as pledged vehicle monitoring services and automobile dealership operation management services. The following diagram demonstrates the relationship of participants in the automobile sales and distribution industry.



Source: CIC

Note:

* During the Track Record Period, our major customers did not include general automobile trading stores.

Pledged vehicle monitoring services

Market demand. Pledged vehicle monitoring services are provided in connection with automobile financing services in China's automobile sales and distribution industry. The demand for pledged vehicle monitoring services arises from financial institutions' difficulty in keeping track of the pledged vehicles after providing secured financing to automobile dealerships. The market demand for pledged vehicle monitoring services in China remains stable. The size of the market grew from RMB873.1 million in 2018 to RMB1,054.0 million in 2022, representing a CAGR of approximately 4.8%. In 2022, with the emphasis on risk management by financial institutions, standardization of operation and increase in the penetration of secured finance, the total addressable market of pledged vehicle monitoring services for automobile dealerships and general automobile trading stores in China was approximately RMB6.1 billion, as calculated by multiplying the number of potential automobile dealership users and general automobile trading store users by the average service fee of the industry, assuming that the demand of all potential automobile dealership users and general automobile trading store users is fully addressed. In particular, in 2022, approximately RMB1.9 billion of the total addressable market was attributable to potential automobile dealership users and approximately RMB4.2 billion of the total addressable market was attributable to potential general automobile trading store users.

Competitive landscape and our competitive advantages. The pledged vehicle monitoring service market in China is highly concentrated, mainly due to the fact that leading market participants have already established entry barriers in terms of technological capabilities, established customer relationships and economies of scale. According to CIC, as of December 31, 2022, the top five market participants had a total market share of approximately 90.3% in terms of revenue, while the remaining market participants were typically small regional service providers. According to CIC, leading market participants have nationwide service networks and can meet financial institutions' demand for the monitoring of pledged vehicles across the country and are, therefore, more likely to gain a higher market share. For more information, see "Industry Overview—Overview of China's Pledged Vehicle Monitoring Services Market—The Company is the largest provider of pledged vehicle monitoring services in China's automobile sales and distribution industry." As advised by CIC, as of the Latest Practicable Date, the Company was one of the only two market participants in the pledged vehicle monitoring service market that had established a comprehensive pledged vehicle monitoring system with data storage and analytics capabilities. As the largest service provider in the pledged vehicle monitoring service market in China, we have been providing pledged vehicle monitoring services to a large number of financial institutions and automobile dealerships and achieved digitalization of our services, which allows us to identify, address and alert financial institutions regarding risk incidents more efficiently.

Although certain new vehicles, as such NEVs, are equipped with technologies such as built-in GPS, our Directors are of the view that the application of such emerging technologies would not replace or render our pledged vehicle monitoring services obsolete, primarily because to protect vehicle owners' privacy, typically only the manufacturers and ultimate consumers have the system permission to access data generated by the built-in GPS, unless the vehicles are under repair or maintenance, need emergency assistance (such as police assistance in traffic accidents) or otherwise required by law. As a result, financial institutions and automobile dealerships still need to rely on pledged vehicle monitoring service providers with alternative means, such as our RFID labels and OBD devices, to track pledged vehicles' locations and vehicular activities for monitoring purposes.

Our Directors are also of the view that the increasing sales of NEVs in the PRC would not adversely affect the competitive landscape of the pledged vehicle monitoring service market, considering that (i) regardless of whether the pledged vehicles are NEVs or ICEs, so long as the automobile dealerships acquire them with secured financing from financial institutions, the business need from financial institutions for professional pledged vehicle monitoring services from third-party service providers is expected to remain; and (ii) as advised by CIC, although certain NEVs are directly sold by their manufacturers, automobile dealerships are still the dominant passenger vehicle sales channel in the PRC, through which over 90% of the total vehicles and over 70% of the NEVs were sold between 2020 and 2022.

Market practice. As advised by CIC, the frequency that financial institutions, automobile dealerships and pledged vehicle monitoring service providers enter into tripartite service agreements typically depends on (i) financial institutions' internal risk management policies and commercial relations with automobile dealerships; and (ii) the vehicle inventory level maintained by automobile dealerships that seek secured financing, which could vary drastically given each automobile dealership's different sales performance, capital turnover and financing strategies.

Automobile dealership operation management services

Market demand. The automobile dealership operation management service market in China has not yet formed a stable competitive landscape. However, the demand is expected to increase in the future as competition among automobile dealerships in the automobile sales and distribution industry intensifies and more automobile dealerships are expected to seek professional management services from external service providers to optimize their business operations, according to CIC. The current market size is relatively small. In 2022, the market size of automobile dealership operation management services in China was approximately RMB47.6 million as measured by service revenue, with a penetration rate of less than 0.5%, calculated by dividing the number of automobile dealerships served by the total number of automobile dealerships in China, according to CIC.

Competitive landscape and our competitive advantages. The main participants currently expanding into the automobile dealership operation management service market include startup software companies, internet platform companies and large automobile dealerships with strong management capabilities, according to CIC. Automobile dealership operation management services generally require service suppliers to have a deep understanding of the limitations of automobile dealerships' operation management and have the ability to penetrate into automobile dealerships' daily operations to offer optimization adjustments. Leveraging our experience in providing pledged vehicle monitoring services to financial institutions and automobile dealerships, national service network and insights in the automobile sales and distribution industry, we began offering management services to automobile dealerships that seek more optimal business and financial performance in April 2022. Our automobile dealership operation management services consist of automobile dealerships operational support, data system and managerial services.

Business Transfer of Pledged Vehicle Monitoring Services from Changjiu Industrial

Prior to our establishment in September 2016, Changjiu Industrial had provided pledged vehicle monitoring services to financial institutions and automobile dealerships since 2006. Since September 2016 when Changjiu Jinfu was established, Changjiu Industrial has been gradually transferring its existing pledged vehicle monitoring service agreements to us and moving the operation team in charge of such services into our Group, and we have begun to enter into new pledged vehicle monitoring service agreements with financial institutions and automobile dealerships upon the expiration of the agreements between them and Changjiu Industrial. As of November 30, 2021, the entire operation team and all related personnel of the pledged vehicle monitoring services had been transferred into our Group from Changjiu Industrial. For more information, see "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Business transfer of pledged vehicle monitoring services."

On November 30, 2021, Changjiu Industrial and we entered into a business transfer agreement, pursuant to which Changjiu Industrial agreed to assign to us all of its rights and obligations under its then existing pledged vehicle monitoring service agreements for a total consideration of RMB45.5 million with reference to their contract value as of November 30, 2021. Such consideration had been fully settled as of the Latest Practicable Date.

As of the Latest Practicable Date, the rights and obligations of Changjiu Industrial under a certain number of its then existing pledged vehicle monitoring service agreements (the "Unassigned Agreements") had not been transferred to us. The Unassigned Agreements involved 25 financial institution customers and 565 automobile dealership customers and had an aggregate contract value of RMB23.1 million as of the Latest Practicable Date. All of the rights and obligations of Changjiu Industrial under the Unassigned Agreements are expected to be transferred to us or the Unassigned Agreements will expire by December 31, 2024, after when we expect to enter into new pledged vehicle monitoring service agreements with the relevant parties to such Unassigned Agreements. Although Changjiu Industrial continued to assume its rights and obligations under the Unassigned Agreements, it has exclusively entrusted us to provide pledged vehicle monitoring services pursuant to an entrustment agreement dated April 26, 2023 between Changjiu Industrial and us. See "Connected Transactions—Non-exempt Continuing Connected Transactions—(4) Entrustment Agreement" for details.

During the Track Record Period, our revenue from pledged vehicle monitoring services was primarily derived from Independent-Third-Party users, whereas our revenue from automobile dealership operation management services was primarily derived from related-party users. The following table sets forth a breakdown of the number of our service agreements and our total revenue by business line and by user ownership as of the dates and for the periods indicated.

	As of/For the year ended December 31,												As of/For the six months ended June 30,							
	2020				2021				2022				2022				2023			
	Number of agreements		Revenue		Number of agreements		Revenue		Number of agreements		Revenue		Number of agreements		Revenue		Number of agreements		Revenue	
		%	*(RMB'000)*	%		%	*(RMB'000)*	%		%	*(RMB'000)*	%		%	*(RMB'000)* *(unaudited)*	%		%	*(RMB'000)*	%
Pledged Vehicle Monitoring Services																				
– Related-party users	10	0.1	1,729	0.4	9	0.1	5,793	1.2	12	0.1	1,284	0.2	7	0.1	1,024	0.4	8	0.1	157	0.1
– Independent-Third-Party users	10,953	99.9	428,858	99.6	12,262	99.9	471,904	98.8	14,491	99.4	503,765	92.0	12,739	99.4	244,736	94.6	15,451	99.4	278,910	90.1
Subtotal	10,963	100.0	430,587	100.0	12,271	100.0	477,697	100.0	14,503	99.5	505,049	92.2	12,746	99.5	245,760	95.0	15,459	99.5	279,067	90.2
Automobile Dealership Operation Management Services																				
– Related-party users	–	–	–	–	–	–	–	–	73	0.5	42,785	7.8	73	0.5	12,892	5.0	73[(1)]	0.5	30,281	9.8
– Independent-Third-Party user	–	–	–	–	–	–	–	–	1	0.0	33	0.0	–	–	–	–	1	0.0	83	0.0
Subtotal	–	–	–	–	–	–	–	–	74	0.5	42,818	7.8	73	0.5	12,892	5.0	74	0.5	30,364	9.8
Total	**10,963**	**100.0**	**430,587**	**100.0**	**12,271**	**100.0**	**477,697**	**100.0**	**14,577**	**100.0**	**547,867**	**100.0**	**12,819**	**100.0**	**258,652**	**100.0**	**15,533**	**100.0**	**309,431**	**100.0**

Notes:

(1) One of the automobile dealership operation management service agreements that we entered into with related-party users was for our management of two dealerships.

The following table sets forth a breakdown of our total revenue by business line and by type of paying customer for the periods indicated.

	For the Year ended December 31,						For the six months ended June 30,			
	2020		2021		2022		2022		2023	
	Revenue		Revenue		Revenue		Revenue		Revenue	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* *(unaudited)*	*%*	*(RMB'000)*	*%*
Pledged Vehicle Monitoring Services										
– Related parties	1,729	0.4	9,342(1)	2.0	39,033(1)	7.1	21,601(1)	8.3	19,240(1)	6.2
– Independent Third Parties	428,858	99.6	468,355(2)	98.0	466,016(2)	85.1	224,159(2)	86.7	259,827(2)	84.0
Subtotal	430,587	100.0	477,697	100.0	505,049	92.2	245,760	95.0	279,067	90.2
Automobile Dealership Operation Management Services										
– Related parties	–	–	–	–	42,785	7.8	12,892	5.0	30,281	9.8
– Independent Third Party	–	–	–	–	33	0.0	–	–	83	0.0
Subtotal	–	–	–	–	42,818	7.8	12,892	5.0	30,364	9.8
Total	**430,587**	**100.0**	**477,697**	**100.0**	**547,867**	**100.0**	**258,652**	**100.0**	**309,431**	**100.0**

Notes:

(1) Including revenue derived from (i) 1, 2, 2 and 2 Unassigned Agreements from Changjiu Group as of December 31, 2021 and 2022 and June 30, 2022 and 2023, respectively; and (ii) 1,059, 794, 1,137 and 649 Unassigned Agreements from Independent Third Parties as of December 31, 2021 and 2022 and June 30, 2022 and 2023, respectively. The revenue generated from automobile dealerships under Unassigned Agreements and Entrustment Agreement was RMB3.6 million, RMB37.8 million, RMB20.6 million and RMB19.1 million in 2021 and 2022 and in the six months ended June 30, 2022 and 2023, respectively, accounting for 0.8%, 6.9%, 8.0% and 6.2% of our total revenue during the same periods, respectively.

(2) Excluding revenue derived from 1,059, 794, 1,137 and 649 Unassigned Agreements from Independent Third Parties as of December 31, 2021 and 2022 and June 30, 2022 and 2023, respectively, which amounted to RMB3.5 million, RMB37.7 million, RMB20.6 million and RMB19.1 million in 2021 and 2022 and in the six months ended June 30, 2022 and 2023, respectively.

COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiated us from our competitors:

- Largest automobile pledged vehicle monitoring service provider in China
- Early mover in automobile dealership operation management services
- Broad and quality user base
- Technologies and R&D capabilities
- Experienced management team

OUR STRATEGIES

To achieve our mission and further solidify our leadership, we intend to implement the following business strategies:

- Enrich service offering and improve technology capabilities
- Grow and diversify user base and expand ecosystem
- Capitalize on growth trends in NEV market in China's lower-tier cities
- Refine human resource management and enlarge talent pool

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily consist of financial institutions, which mainly include commercial banks and automobile finance companies, as well as automobile dealerships. Changjiu Industrial is also our customer. See "Business—Customers." Changjiu Industrial, a company set up by our Ultimate Controlling Shareholders and the holding company of Changjiu Group, is a automobile industry service provider that primarily engages in automobile sales and distribution, automobile transportation and vehicle manufacturing. See "Relationship with Our Controlling Shareholders—Delineation of Business." Our transactions with Changjiu Industrial as one of our customers primarily include (i) providing pledged vehicle monitoring services to certain financial institutions and automobile dealerships on behalf of Changjiu Industrial pursuant to an entrustment agreement dated April 26, 2023 between Changjiu Industrial and us, see "Connected Transactions—Non-exempt Continuing Connected Transactions—(4) Entrustment Agreement" for details; and (ii) providing automobile dealership operation management services to automobile dealerships owned by Changjiu Group, see "Business—Automobile Dealership Operation Management Services" for details. During the Track Record Period, our major customers did not include general automobile trading stores.

During the Track Record Period, revenue derived from sales to our five largest customers in that year/period amounted to RMB143.6 million in 2020, RMB167.9 million in 2021, RMB279.3 million in 2022 and RMB173.9 million in the six months ended June 30, 2023, which accounted for 33.3%, 35.1%, 51.0% and 56.2% of our total revenue, respectively. During the Track Record Period, revenue derived from sales to our single largest customer in that year/period amounted to RMB38.8 million in 2020, RMB62.2 million in 2021, RMB89.8 million in 2022 and RMB56.5 million in the six months ended June 30, 2023, which accounted for 9.0%, 13.0%, 16.4% and 18.3% of our total revenue, respectively. In 2022 and the six months ended June 30, 2023, revenue derived from Changjiu Industrial, our related party and second largest customer for those periods, amounted to RMB81.1 million and RMB49.5 million, respectively, accounting for 14.8% and 16.0% of our total revenue, respectively. Please refer to "Business—Customers" for further details.

Our suppliers primarily include subcontractors who provide onsite supervision services, including pledged vehicle monitoring services, collective vehicle conformity certificate management services and counting services, and manufacturers of RFID labels, PDAs, OBD devices and lockboxes. During the Track Record Period, purchases from our five largest suppliers in that year/period amounted to RMB255.3 million in 2020, RMB286.6 million in 2021, RMB302.3 million in 2022 and RMB157.2 million in the six months ended June 30, 2023, which accounted for 97.6%, 97.0%, 93.6% and 89.4% of our total cost of sales, respectively. During the Track Record Period, purchases from our single largest supplier in that year/period amounted to RMB223.3 million in 2020, RMB211.4 million in 2021, RMB119.1 million in 2022 and RMB154.0 million in the six months ended June 30, 2023, which accounted for 85.4%, 71.6%, 36.9% and 87.5% of our total cost of sales, respectively. Please refer to "Business—Suppliers" for further details.

Except as disclosed in "History, Reorganization and Corporate Structure—Reorganization—Business transfer of pledged vehicle monitoring services" and "Connected Transactions Non-exempt Continuing Connected Transactions—Entrustment Agreement," Changjiu Group did not refer any other customer or supplier to us.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial statements for the Track Record Period, extracted from the Accountants' Report set out in Appendix I. The summary of consolidated financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements contained elsewhere in this document, including the related notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

Selected Items of Consolidated Statements of Profit or Loss

	For the year ended December 31,						For the six months ended June 30,			
	2020		2021		2022		2022		2023	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* *(unaudited)*	*(%)*	*(RMB'000)*	*(%)*
Revenue	430,587	100.0	477,697	100.0	547,867	100.0	258,652	100.0	309,431	100.0
Gross profit	168,958	39.2	182,296	38.2	225,039	41.1	106,248	41.1	133,403	43.1
Profit from operations	110,798	25.7	96,203	20.1	130,899	23.9	64,121	24.8	56,958	18.4
Profit before taxation	109,834	25.5	93,149	19.5	127,626	23.3	62,884	24.3	55,472	17.9
Profit for the year/ period	**114,105**	**26.5**	**83,731**	**17.5**	**95,912**	**17.5**	**48,088**	**18.6**	**35,291**	**11.4**
Attributable to:										
Equity shareholders of the Company	114,105	26.5	83,731	17.5	95,877	17.5	48,053	18.6	35,291	11.4
Non-controlling interests	–	–	–	–	35	0.0	35	0.0	–	–

Our total revenue increased by 14.7% from RMB477.7 million in 2021 to RMB547.9 million in 2022, which was primarily due to (i) a 5.7% increase in our revenue generated from pledged vehicle monitoring services from RMB477.7 million in 2021 to RMB505.0 million in 2022, primarily attributable to an increase in the number of our service agreements from 12,271 as of December 31, 2021 to 14,503 as of December 31, 2022 as we continued to expand the scale of our services and provided monitoring services to more automobile dealerships, including NEV brands, by leveraging our technological strength and extensive experience in the industry and (ii) an RMB42.8 million revenue generated from automobile dealership operation management services in 2022, as we started to provide such services in April 2022. Our total revenue increased from RMB258.7 million in the six months ended June 30, 2022 to RMB309.4 million in the six months ended June 30, 2023, which was primarily due to (i) an RMB33.3 million increase in our revenue generated from pledged vehicle monitoring services, primarily attributable to an increase in the number of our service agreements as we continued to expand the scale of our services and provided monitoring services to more automobile dealerships, including NEV brands, by leveraging our technological strength and extensive experience in the industry and (ii) an RMB17.5 million increase revenue generated from automobile dealership operation management services in 2022, as we started to provide such services in April 2022 and generated revenue from this business for the full six months in the first half of 2023.

Our overall gross profit margin remained stable in 2020 and 2021. Our overall gross profit margin increased from 38.2% in 2021 to 41.1% in 2022 and from 41.1% in the six months ended June 30, 2022 to 43.1% in the six months ended June 30, 2023, primarily attributable to an increase in gross profit margin of pledged vehicle monitoring services as our business continued to grow, we realized economies of scale with the support of our technologies, which enabled the staff from our subcontractors to supervise multiple automobile dealerships at the same time.

Our profit from operations decreased by 13.2% from RMB110.8 million in 2020 to RMB96.2 million in 2021, primarily due to an RMB28.5 million, or 67.0%, increase in general and administrative expenses, which was in turn primarily attributable to (i) an RMB10.6 million increase in staff costs as a result of the expansion of our pledged vehicle monitoring services, which led to an increase in the number of staff performing related tasks such as business process formulation and customer communication, and (ii) an RMB10.0 million non-refundable earnest money we paid for a potential investment in an automobile-related e-commerce platform in 2021 that did not consummate after negotiation and due diligence, which was one-off and non-recurring because such payment was not associated with the routine operations of our core business but rather tied to the specific circumstances leading to the occurrence and final non-consummation of a particular investment opportunity. Our profit for the year decreased by 26.6% from RMB114.1 million in 2020 to RMB83.7 million in 2021, primarily because our income tax expenses amounted to RMB9.4 million in 2021 while we recorded income tax benefit of RMB4.3 million in 2020 as a result of recognition of deferred tax assets mainly from deductible accumulative losses in 2020, and due to an increase in general and administrative expenses.

Our profit from operations increased from RMB96.2 million in 2021 to RMB130.9 million in 2022 and our profit for the year increased from RMB83.7 million in 2021 to RMB95.9 million in 2022, primarily because our total revenue increased by 14.7% from RMB477.7 million in 2021 to RMB547.9 million in 2022.

Our profit from operations decreased from RMB64.1 million in the six months ended June 30, 2022 to RMB57.0 million in the six months ended June 30, 2023 and our profit for the period decreased from RMB48.1 million for the six months ended June 30, 2022 to RMB35.3 million for the same period in 2023, primarily due to an RMB29.8 million increase in general and administrative expenses, which was in turn primarily attributable to an RMB[**REDACTED**] non-recurring [**REDACTED**] expenses associated with this [**REDACTED**], an RMB9.9 million non-operation related share-based payment expenses associated with the grant of certain restricted shares and share options in the period and an RMB6.8 million increase in staff costs as a result of our business expansion.

Selected Items of Consolidated Statements of Financial Position

	As of December 31,			As of June 30,
	2020	2021	2022	2023
		(RMB'000)		
Total non-current assets	13,864	12,217	13,543	25,849
Total current assets	188,803	206,702	247,621	263,839
Total current liabilities	(169,134)	(200,347)	(248,975)	221,310
Net current assets/(liabilities)	19,669	6,355	(1,354)	42,529
Total non-current liabilities	(397)	(2,359)	(64)	7,308
Net assets	33,136	16,213	12,125	61,070

Our net current assets decreased from RMB19.7 million as of December 31, 2020 to RMB6.4 million as of December 31, 2021, which was primarily due to (i) an RMB16.8 million increase in contract liabilities arising from advance payments from customers for the provision of pledged vehicle monitoring services; (ii) an RMB8.9 million increase in accrued expenses and other current liabilities; and (iii) an RMB3.7 million increase in current tax liabilities, partially offset by an RMB19.9 million increase in trade receivables.

We recorded net current liabilities of RMB1.4 million as of December 31, 2022, which was primarily due to the RMB101.0 million consideration paid in 2022 to acquire the 100% equity interest in Changjiu Jinfu as part of the Reorganization. See "History, Reorganization and Corporate Structure—Reorganization—Onshore Reorganization—Acquisition of Changjiu Jinfu by Shanghai Bozhong" for details.

Our net current liabilities of RMB1.4 million as of December 31, 2022 turned to net current assets of RMB42.5 million as of June 30, 2023, which was primarily due to an increase of RMB78.5 million in trade receivables, and a decrease of RMB40.0 million in bank loans, partially offset by a decrease of RMB46.9 million in cash and cash equivalents and an increase of RMB13.8 million in accrued expenses and other current liabilities.

Our net assets decreased from RMB33.1 million as of December 31, 2020 to RMB16.2 million as of December 31, 2021, which was primarily attributable to (i) the impact of the Reorganization associated with the transfer of pledged vehicle monitoring services business from Changjiu Industrial to Chanjiu Jinfu for a consideration of RMB45.5 million; (ii) the deemed distribution reflecting the net amount of cash transactions relating to the transferred pledged vehicle monitoring services business of RMB33.1 million; and (iii) a distribution to shareholders of RMB22.0 million, partially offset by the RMB83.7 million net profit recorded for the year.

Our net assets further decreased from RMB16.2 million as of December 31, 2021 to RMB12.1 million as of December 31, 2022, which was primarily due to the RMB101.0 million consideration paid in 2022 to acquire the 100% equity interest in Changjiu Jinfu as part of the Reorganization, partially offset by the RMB95.9 million net profit recorded for the year.

Our net assets increased from RMB12.1 million as of December 31, 2022 to RMB61.1 million as of June 30, 2023, which was primarily due to the net profit of RMB35.3 million recorded for the period and a share-based compensation of RMB13.7 million granted during the period.

Selected Items of Consolidated Statements of Cash Flows

	For the year ended December 31,			**For the six months ended June 30,**	
	2020	**2021**	**2022**	**2022**	**2023**
			(RMB'000)		
				(unaudited)	
Net cash generated from/(used in) operating activities	124,227	114,732	82,030	(9,127)	(20,755)
Net cash (used in)/generated from investing activities	(74,508)	(52,935)	118,584	(20,036)	12,406
Net cash (used in)/generated from financing activities	(67,981)	(60,353)	(82,806)	38,337	(38,768)
Net (decrease)/increase in cash and cash equivalents	(18,262)	1,444	117,808	9,174	(47,117)
Cash and cash equivalents at the beginning of the period	18,351	89	1,533	1,533	119,341
Effect of foreign exchange rate changes	–	–	–	–	171
Cash and cash equivalents as of the end of the period	89	1,533	119,341	10,707	72,395

During the six months ended June 30, 2023, our net cash used in operating activities was RMB20.8 million, which was primarily due to profit before tax of RMB55.5 million, as adjusted for non-cash and non-operating items, which was further adjusted by negative changes in working capital of RMB84.1 million and income tax paid of RMB15.3 million. The negative changes in working capital were mainly due to (i) an RMB82.4 million increase in trade receivables; and (ii) an RMB8.3 million decrease in contract liabilities, partially offset by an RMB9.5 million increase in accrued expenses and other liabilities. During the six months ended June 30, 2022, our net cash used in operating activities was RMB9.1 million, which was primarily due to profit before tax of RMB62.9 million, as adjusted for non-cash and non-operating items, which was further adjusted by negative changes in working capital of RMB75.1 million and income tax paid of RMB2.7 million. The negative changes in working capital were mainly due to (i) an RMB68.8 million increase in trade receivables; and (ii) an RMB16.4 million decrease in contract liabilities, partially offset by an RMB10.1 million increase in accrued expenses and other liabilities. See "Risk Factors—Risks Relating to Our Business and Industry—We had negative operating cash flow in the six months ended June 30, 2022 and 2023."

KEY FINANCIAL RATIOS

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

	As of/For the year ended December 31,			As of/For the six months ended June 30,	
	2020	2021	2022	2022	2023
				(unaudited)	
Return on equity[1](%)	344.3	339.3	676.9	(493.5)[6]	96.4
Return on asset[2](%)	56.3	39.7	40.0	17.9	12.8
Current ratio[3]	1.1	1.0	1.0	0.9	1.2
Liabilities to assets ratio[4]	0.8	0.9	1.0	1.1	0.8
Gearing ratio[5] (%)	150.9	308.4	618.6	(248.5)[6]	57.3

Notes:

(1) Equals profit for the period divided by average balance of total equity at the beginning and the end of that period and multiplied by 100%.

(2) Equals profit for the period divided by average balance of total assets at the beginning and the end of that period and multiplied by 100%.

(3) Current ratio represents current assets divided by current liabilities as of the same date.

(4) Liabilities to assets ratio represents total liabilities divided by total assets as of the same date.

(5) Gearing ratio represents the sum of interest-bearing bank loans divided by total equity as of the same dates and multiplied by 100%.

(6) As of June 30, 2022, our return on equity and gearing ratio were negative primarily because we recorded net liabilities as of the same date.

Our gearing ratio increased from 150.9% as of December 31, 2020 to 308.4% as of December 31, 2021, primarily due to a decrease in our equity from RMB33.1 million as of December 31, 2020 to RMB16.2 million as of December 31, 2021, which was primarily attributable to a deemed distribution in relation to cash transferred to Changjiu Industrial in 2021 and a dividend distribution by Changjiu Jinfu to its then shareholders in 2021. Our gearing ratio increased from 308.4% as of December 31, 2021 to 618.6% as of December 31, 2022, primarily due to an increase in our bank loans from RMB50.0 million as of December 31, 2021 to RMB75.0 million as of December 31, 2022, as well as a decrease in our equity from RMB16.2 million as of December 31, 2021 to RMB12.1 million as of December 31, 2022, which was primarily attributable to the consideration paid in 2022 to acquire the 100% equity interest in Changjiu Jinfu as part of the Reorganization. Our gearing ratio decreased from 618.6% as of December 31, 2022 to 57.3% as of June 30, 2023, primarily due to the decrease in our bank loans from RMB75.0 million as of December 31, 2022 to RMB35.0 million as of June 30, 2023, as well as the increase in our total equity from RMB12.1 million as of December 31, 2022 to RMB61.1 million as of June 30, 2023, primarily as a result of the recorded net profit.

See "Financial Information—Key financial ratios" for a detailed discussion on our financial ratios.

We recorded an opening balance of accumulated loss of RMB65.7 million as of January 1, 2020 primarily arising from the Reorganization. Prior to the Reorganization, part of the pledged vehicle monitoring services was operated by a division of Changjiu Industrial and the related cash and bank accounts were centrally managed by Changjiu Industrial, therefore the cash generated from the division was periodically transferred to Changjiu Industrial and the net cash transaction amounts were treated as deemed distribution to Changjiu Industrial. See Note 1 to the Accountants' Report in Appendix I to this document for further details. The total deemed distribution to Changjiu Industrial exceeded the accumulated net profits generated from the pledged vehicle monitoring services as of January 1, 2020, leading to an accumulated loss of RMB65.7 million as of the same date.

OUR CONTROLLING SHAREHOLDERS

Pursuant to a concert party confirmation dated March 1, 2023 entered into between Ms. Li and Mr. Bo, they have confirmed that they are parties acting in concert in respect of their voting rights in our Company. For details, please see "History, Reorganization and Corporate Structure—Concert Party Confirmation." Therefore, Ms. Li, Mr. Bo and the entities controlled by them, namely Brighht Limited, Brightio Limited, Advancey Limited, Advancd Limited, Creationn Limited and CreateCube Limited, shall be regarded as a group of Controlling Shareholders. Immediately upon completion of the [**REDACTED**] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] and the [**REDACTED**] Share Options), our Controlling Shareholders will be collectively interested in and will control an aggregate of [**REDACTED**]% of the voting power of our Company and will remain as our Controlling Shareholders upon [**REDACTED**]. For details, please see the section headed "Relationship with Our Controlling Shareholders."

[REDACTED] SHARE INCENTIVE PLANS

Our Company adopted the [**REDACTED**] Restricted Share Plan on March 7, 2023. On the same day, we allotted and issued 1,620,000 Shares at par value to the Restricted Share SPV, the limited partners of which are the participants of our [**REDACTED**] Restricted Share Plan. As of the Latest Practicable Date, a total of 1,620,000 restricted shares, representing all the Restricted Shares issuable under the [**REDACTED**] Restricted Share Plan, had been conditionally granted to five officers of our Group. No further restricted shares may be granted under the [**REDACTED**] Restricted Share Plan after the [**REDACTED**]. See "Appendix IV—Statutory and General Information—D. [**REDACTED**] Share Incentive Plans—1. [**REDACTED**] Restricted Share Plan" for further details.

Our Company also adopted the [**REDACTED**] Share Option Plan on March 7, 2023. Following the adoption of the [**REDACTED**] Share Option Plan and as of the Latest Practicable Date, [**REDACTED**] [**REDACTED**] Share Options, representing [**REDACTED**]% of the issued share capital of our Company immediately after the [**REDACTED**] (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [**REDACTED**] and the [**REDACTED**] Share Options), had been conditionally granted to 48 grantees, including a Director, senior management members and employees of our Group. Pursuant to the terms of the [**REDACTED**] Share Option Plan, the grantees shall not exercise the outstanding options granted to them under the [**REDACTED**] Share Option Plan prior to the [**REDACTED**]. No further options may be granted under the [**REDACTED**] Share Option Plan after the [**REDACTED**]. For details, see "Appendix IV—Statutory and General Information—D. [**REDACTED**] Share Incentive Plans—2. [**REDACTED**] Share Option Plan."

USE OF [REDACTED]

We estimate that the [**REDACTED**] from the [**REDACTED**] which we will receive, assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document), will be approximately HK$[**REDACTED**], after deduction of [**REDACTED**] fees and commissions and estimated expenses payable by us in connection with the [**REDACTED**] and assuming the [**REDACTED**] is not exercised. We intend to use the [**REDACTED**] from the [**REDACTED**] for the following purposes:

- [[**REDACTED**]]%, or approximately HK$[**REDACTED**], will be used to improve our pledged vehicle monitoring services;
- [[**REDACTED**]]%, or approximately HK$[**REDACTED**], will be used to develop an integrated supporting system for the automobile sales and distribution industry;
- [[**REDACTED**]]%, or approximately HK$[**REDACTED**], will be used to expand our automobile dealership operation management capacity;
- [[**REDACTED**]]%, or approximately HK$[**REDACTED**], will be used to expand our sales and marketing capacity; and
- [[**REDACTED**]]%, or approximately HK$[**REDACTED**], will be used for general business operations and working capital.

For further details, see "Future Plans and Use of [**REDACTED**]" in this document.

[REDACTED] EXPENSES

Our [**REDACTED**] expenses include [**REDACTED**] commission, professional fees and other fees incurred in connection to the [**REDACTED**] and the [**REDACTED**]. [**REDACTED**] expenses to be borne by us are estimated to be RMB[**REDACTED**] (including [**REDACTED**] commission and fees of approximately RMB[**REDACTED**], and non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**], which consist of accounting and legal fees and expenses of approximately RMB[**REDACTED**] and other fees and expenses of approximately RMB[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per [**REDACTED**], and assuming no [**REDACTED**] are issued pursuant to the [**REDACTED**]), of which RMB[**REDACTED**] is expected to be accounted for as a deduction from equity upon the [**REDACTED**]. [**REDACTED**] expenses accounted for [**REDACTED**]% of our gross [**REDACTED**]. During the Track Record Period, the [**REDACTED**] expenses charged to profit or loss were RMB[**REDACTED**] (HK$[**REDACTED**]). RMB[**REDACTED**] is expected to be charged to our consolidated statements of profit or loss for the remaining period ending December 31, 2023. The [**REDACTED**] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[REDACTED] STATISTICS[1]

	Based on the minimum [REDACTED] **of HK$**[REDACTED] **per** [REDACTED]	**Based on the maximum** [REDACTED] **of HK$**[REDACTED] **per** [REDACTED]
[**REDACTED**] of our Shares[2] (in millions)	[HK$[**REDACTED**]]	[HK$[**REDACTED**]]
Unaudited pro forma adjusted net tangible assets per Share[3]	[HK$[**REDACTED**]]	[HK$[**REDACTED**]]

Notes:

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

(2) The calculation of [**REDACTED**] is based on [**REDACTED**] Shares expected to be in issue immediately upon completion of the [**REDACTED**].

(3) The unaudited pro forma adjusted net tangible assets of the Company attributable to the shareholders of the Company per Share was calculated based on the assumption that [**REDACTED**] Shares were in issue as of June 30, 2023 and after adjustments as specified in "Appendix II—Unaudited Pro Forma Financial Information." The difference between the number of Shares used in [**REDACTED**] calculation [**REDACTED**] and [**REDACTED**] is [1,620,000], which is the number of restricted shares issued by the Company under the [**REDACTED**] Restricted Share Plan in March 2023 and accounted for as treasury shares as shown in Note 23 to the Accountants' Report in Appendix I to this document.

DIVIDENDS

During the Track Record Period, our Company did not declare or pay any dividend. In 2021, Changjiu Jinfu, a wholly owned subsidiary of our Company, declared and paid dividends of RMB22.0 million to its then shareholders.

We do not have a specific dividend policy or a predetermined dividend payout ratio. The decision to pay dividends in the future will be made at the direction of our Board and will be based on our profits, cash flows, financial condition, capital requirements and other conditions that our Board deems relevant. The payment of dividends may be limited by other legal restrictions and agreements that we may enter into in the future.

EFFECT OF THE COVID-19 PANDEMIC

According to CIC, the passenger automobile market in China in general had been adversely affected in the short term as the COVID-19 pandemic shrank production material supplies, slowed down automobile production, curbed onsite sales, adversely affected consumers' willingness and purchase power, and resulted in the government's epidemic prevention measures, such as quarantine and order to delay resumption of service and mass production. In 2021, the number of pledged vehicles that we monitored decreased due to a decrease in the demand for new vehicles and a slowdown in automobile transactions at automobile dealerships as a result of the COVID-19 pandemic.

Nevertheless, the passenger automobile market in China has gradually recovered since 2021 in line with the recovery of the national economy. In particular, according to CIC, the sales volume of new passenger automobiles increased by 8.8% to 24.0 million in 2022 as compared to 2021. Despite the outbreak of COVID-19, we achieved growth during the Track Record Period. The number of automobile dealerships to which we provided pledged vehicle monitoring services increased by 28.5% from 8,316 as of December 31, 2020 to 10,684 as of December 31, 2022, and our revenue increased from RMB430.6 million in 2020 to RMB547.9 million in 2022, representing a CAGR of 12.8% between 2020 and 2022.

For more information, see "Business—Effect of the COVID-19 Pandemic."

RECENT DEVELOPMENTS

Financial Performance

Based on our unaudited management accounts (which may be subject to audit adjustments and other changes), our total revenue increased by 17.7% in the nine months ended September 30, 2023 as compared to the same period in 2022, which was primarily attributable to an increase in revenue from our pledged vehicle monitoring services as we continued to expand the scale of our services and provided monitoring services to more automobile dealerships, including NEV brands, by leveraging our technological strength and extensive experience in automobile monitoring services. The increase in our revenue in the nine months ended September 30, 2023 was in line with the general recovery of the pledged vehicle monitoring services market in the same period after the COVID-19 pandemic, according to CIC.

In the nine months ended September 30, 2023, our gross profit increased by 27.9% and our gross profit margin was 3.5 percentage points higher, as compared to the same period in 2022, primarily attributable to increases in the gross profit and gross profit margin of pledged vehicle monitoring services as our business continued to grow, we realized economies of scale with the support of our technologies, which enabled the staff from our subcontractors to supervise multiple automobile dealerships at the same time.

Primarily due to increases in our [**REDACTED**] expenses associated with the [**REDACTED**] and share-based compensation expenses associated with the issuance of certain restricted shares and options, we expect to experience a significant decrease in our profit for the year of 2023 as compared to 2022.

Recent Development in Our Business Operations

As of September 30, 2023, we provided pledged vehicle monitoring services to 227 financial institutions and 16,297 automobile dealerships in over 500 cities across 31 provinces in China.

As of September 30, 2023 and since the inception of our automobile dealership operation management services, we had entered into five automobile dealership operation management service agreements with automobile dealerships owned by Independent Third Parties, and had commenced our operation management services under three of them. For the remaining two operation management service agreements, we expect to commence our services after the relevant automobile dealerships completed their internal corporate adjustments. As of September 30, 2023, we had also entered into 144 non-legally binding letters of intent for our automobile dealership operation management services with automobile dealerships owned by Independent Third Parties.

Trial Operation of Automobile Supply Chain Service Mobile Application

Our automobile supply chain service mobile application commenced trial operation in April 2023. The mobile application is designed to connect NEV manufacturers with automobile dealerships to facilitate the sales, delivery and other supply chain services of NEVs in our mobile application, and enable NEV manufacturers to expand their business reach with our supply chain service capability in lower-tier cities. For more information, see "Business—Our Strategies—Capitalize on growth trends in NEV market in China's lower-tier cities."

Cybersecurity and Data Privacy Related Regulations

On November 14, 2021, the CAC released the Regulations on 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 Regulations"). See "Regulatory Overview—Regulations on Internet Information Security and Privacy Protection." Although the Draft Regulations have not been formally adopted, we had taken relevant measures to comply with the Draft Regulations. See "Business—Data Security and Privacy."

On December 28, 2021, the CAC, together with other relevant departments, jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), which became effective on February 15, 2022. See "Regulatory Overview—Regulations on Internet Information Security and Privacy Protection."

On July 30, 2021, the State Council promulgated the Critical Information Infrastructure Protection Regulations (《關鍵資訊基礎設施安全保護條例》) (the "CII Regulations"), which came into effect on September 1, 2021. During the Track Record Period and up to the Latest Practicable Date, we had not received any notice or order from any government authority that identified or might identify us as a critical information infrastructure operator. Therefore, our PRC Legal Advisors are of the view that it is unlikely that we would be identified as a critical information infrastructure operator.

On April 17, 2023, our PRC Legal Advisors conducted a real-name telephone consultation with the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) and confirmed that (i) [**REDACTED**] on the Hong Kong Stock Exchange is not treated as [**REDACTED**] abroad under the Cybersecurity Review Measures; and (ii) the government authorities would notify us before initiating a cybersecurity review if we were deemed to be associated with national security risks, and we would not be required to conduct self-assessment on our association with national security risks. Based on the foregoing, our PRC Legal Advisors are of the view that our proposed [**REDACTED**] on the Hong Kong Stock Exchange will not trigger mandatory application for cybersecurity review under the Cybersecurity Review Measures.

As of the Latest Practicable Date, we had not received any interview requests or inquiries from the PRC government in relation to cybersecurity review. However, we cannot rule out the possibility that we would be subject to cybersecurity review, and we cannot assure you that the relevant government authorities will not interpret the regulations in ways that may negatively affect our business operations in the future.

Regulations Related to Overseas Listing

On February 17, 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and five supporting guidelines (collectively, the "Trial Measures and Supporting Guidelines"), which came into effect on March 31, 2023. For more details, please refer to "Regulatory Overview—Regulations on M&A and Overseas Listings." Based on the foregoing, our PRC Legal Advisors are of the view that we need to complete the filing procedures with the CSRC in connection with the [**REDACTED**] pursuant to the Overseas Listing Trial Measures. We submitted a filling to the CSRC for application of the [**REDACTED**] and the [**REDACTED**] on May 19, 2023. As of the Latest Practicable Date, we had completed such filing procedures.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial, trading position or prospects since June 30, 2023, being the latest date of our consolidated financial statements, up to the date of this document.

SUMMARY OF MATERIAL RISK FACTORS

There are certain risks relating to an investment in the [**REDACTED**]. Some of the particular risks in investing in the [**REDACTED**] are further described in the section entitled "Risk Factors" in this document. You should read that section carefully before you decide to invest in the [**REDACTED**]. We believe some of the more significant risk factors include: (i) we may not be able to maintain growth in our business and may not be able to successfully carry out our business expansion and growth strategy; (ii) we rely on staff designated by our subcontractors to perform certain onsite supervision services and subcontracting costs account for substantially all of our cost of sales; (iii) the transfer of pledged vehicle monitoring service business from Changjiu Industrial to us has not completed and may not complete in the near future or at all; (iv) we have a limited operating history in automobile dealership operation management services and our efforts to provide automobile dealership operation management services to Independent Third Parties may not succeed; and (v) our initiatives to develop new services may not succeed as planned, which may make it difficult to assess our prospects.