
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

We provide pledged vehicle monitoring services and automobile dealership operation management services in China. Changjiu Industrial, a company set up by our Ultimate Controlling Shareholders, started to provide pledged vehicle monitoring services in 2006. With the expansion of the business of pledged vehicle monitoring services, in 2016, Changjiu Jinfu was established by Changjiu Industrial and Ms. Li and the business of pledged vehicle monitoring services of Changjiu Industrial was transferred into Changjiu Jinfu gradually. Changjiu Jinfu became an indirect wholly-owned subsidiary of our Company upon completion of the Reorganization. As our Ultimate Controlling Shareholders have extensive experience in the pledged vehicle monitoring and operation management service industry, Ms. Li is serving as our executive Director and chairwoman of our Board and Mr. Bo is serving as our executive Director and chief executive officer, respectively. See “Directors and Senior Management” for more details.

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. 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.

KEY MILESTONES

Our key business milestones are summarized below:

<u>Year</u>	<u>Event</u>
2016	Changjiu Jinfu was established and started using PDAs and RFID labels.
2017	We completed the development of the second generation of our VFS.
2018	We developed and launched the first generation of GPS OBD devices. We obtained the patent certification for the first generation of Bluetooth OBD devices we before developed and used which are Bluetooth compatible and are capable of short-range wireless transmission. We launched the mobile application of Vehicle Connect, which allows financial institutions and automobile dealerships to access the information collected by our VFS system on their mobile phones and tablets.

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<u>Year</u>	<u>Event</u>
2020	<p>Changjiu Jinfu was accredited 2020 Excellent Business Service Award for the contribution in onsite supervision service by BMW Group Financial Services Greater China Region.</p> <p>Changjiu Jinfu was accredited China Logistics and Supply Chain Finance Excellent Case by Logistics and Supply Chain Finance Branch (物流與供應鏈金融分會) of CFLP in 2020.</p>
2021	<p>Changjiu Jinfu was accredited 2021 Excellent Supplier Award by Genius Auto Finance Co., Ltd.</p> <p>Changjiu Jinfu was recognized as a standing member (常務理事單位) from January 2021 to January 2025 by Logistics and Supply Chain Finance Branch of CFLP.</p>
2022	<p>We began to provide automobile dealership operation management services.</p> <p>The number of automobile dealerships that were using our pledged vehicle monitoring services increased to over 10,000 as of December 31, 2022.</p> <p>We obtained the patent certification for the second generation of Bluetooth OBD devices we before developed which contains the VIN automatic reading system.</p>

OUR MAJOR SUBSIDIARIES

We carry out our business through our operating subsidiaries in the PRC. During the Track Record Period and up to the Latest Practicable Date, we conducted our business activities primarily through the following major operating subsidiaries:

<u>Name of Major Operating Subsidiaries</u>	<u>Principal Business Activities</u>	<u>Date and Place of Establishment</u>
Changjiu Jinfu	Pledged vehicle monitoring services	September 9, 2016, PRC
Shanghai Bozhong	Automobile dealerships operation management services	September 6, 2021, PRC

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Changjiu Jinfu

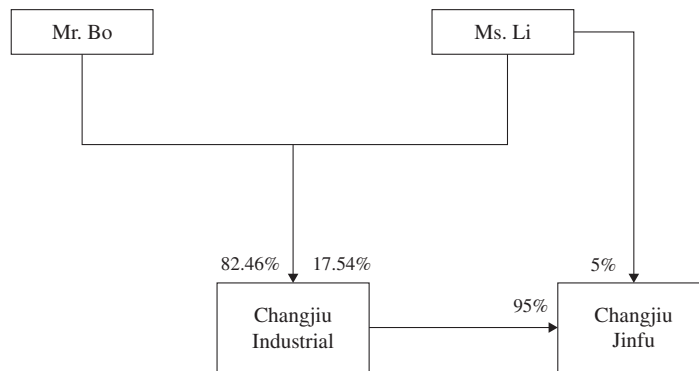
Changjiu Jinfu was established in the PRC as a limited liability company on September 9, 2016 with an initial registered capital of RMB100,000,000. Prior to the Reorganization, Changjiu Jinfu was owned as to 95% by Changjiu Industrial and 5% by Ms. Li.

Shanghai Bozhong

Shanghai Bozhong was established in the PRC as a limited liability company on September 6, 2021 with an initial registered capital of RMB3,000,000. Upon its establishment, Shanghai Bozhong has been a wholly-owned subsidiary of Changjiu HK.

REORGANIZATION

Immediately prior to the Reorganization, the pledged vehicle monitoring services were operated by Changjiu Industrial and Changjiu Jinfu. Set out below is the corporate structure of Changjiu Industrial and Changjiu Jinfu immediately prior to the Reorganization:



In order to optimize our corporate structure to further develop our business and to more readily access the international capital markets, we underwent a corporate and business reorganization to consolidate the pledged vehicle monitoring services of Changjiu Industrial into our Group in preparation for the [REDACTED] and the [REDACTED]. The following sets out the key steps of the Reorganization.

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Offshore Reorganization

Incorporation of shareholders’ SPVs

Each of our Ultimate Controlling Shareholders incorporated wholly-owned investment holding companies in the BVI, details of which are set out below:

<u>Company name</u>	<u>Date of incorporation</u>	<u>Shareholder(s)</u>	<u>Equity interest</u>
Brightio Limited	April 8, 2021	Ms. Li	100%
Advancd Limited	April 8, 2021	Mr. Bo	100%
CreateCube Limited	April 8, 2021	Mr. Bo	100%
Brighht Limited	April 21, 2021	Brightio Limited	100%
Advancey Limited	April 20, 2021	Advancd Limited	100%
Creationn Limited	April 20, 2021	CreateCube Limited	100%

Incorporation of our Company

On June 16, 2021, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorized share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. Immediately thereafter, (i) one share was allotted and issued at par value to the initial subscriber, and was subsequently transferred to Advancey Limited; and (ii) 54 shares, 40 shares and 5 shares were allotted and issued at par value to Advancey Limited, Brighht Limited and Creationn Limited, respectively. Upon completion, our Company was held by Advancey Limited, Brighht Limited and Creationn Limited as to 55%, 40% and 5%, respectively.

Incorporation of Changjiu HK

On July 15, 2021, Changjiu HK was incorporated in Hong Kong with a total issued share capital of US\$1.00. On the same day, one ordinary share was allotted and issued to our Company at a consideration of US\$1.00, and Changjiu HK became a wholly-owned subsidiary of our Company.

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Share subdivision and increase of authorized share capital of our Company

On February 15, 2023, our Company’s issued and unissued 50,000 shares of a par value of US\$1.00 each were subdivided into 75,000,000,000 shares with a par value of US\$0.00000066666 each which is rounded up to US\$0.00000066667 each. As a result, (i) the authorized share capital of our Company increased from US\$50,000 to US\$50,000.25 divided into 75,000,000,000 shares of US\$0.00000066667 par value each, and (ii) the issued share capital of our Company became 150,000,000 Shares of US\$0.00000066667 par value each. Upon completion, the then shareholding structure of our Company is set out as below:

<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Advancey Limited	82,500,000	55%
Brighht Limited	60,000,000	40%
Creationn Limited	7,500,000	5%
Total	150,000,000	100%

Onshore Reorganization

Conversion of Changjiu Jinfu into foreign-invested enterprise

Pursuant to a capital increase agreement dated May 18, 2022, Mr. Song, a Hong Kong investor and Independent Third Party, subscribed for 1% equity interest in Changjiu Jinfu at a consideration of RMB1,010,100. Such consideration was determined with reference to the appraisal value of the entire equity interest in Changjiu Jinfu as of April 30, 2022 based on a valuation report issued by an Independent Third Party valuer (the “Valuation Report”), and had been fully settled as of the Latest Practicable Date. Upon completion of such capital increase, Changjiu Jinfu became a foreign-invested enterprise, and was held by Changjiu Industrial, Ms. Li and Mr. Song as to 94.05%, 4.95% and 1%, respectively.

Establishment of Shanghai Bozhong

On September 6, 2021, Shanghai Bozhong was established in the PRC as a wholly foreign-owned enterprise with limited liability with a registered capital of RMB3 million. Since its establishment and up to the Latest Practicable Date, Shanghai Bozhong had been wholly owned by Changjiu HK.

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Business transfer of pledged vehicle monitoring services

Changjiu Industrial had provided pledged vehicle monitoring services to financial institutions and automobile dealerships since 2006. In 2016, Changjiu Jinfu was established by Changjiu Industrial and Ms. Li. After that, the pledged vehicle monitoring service business of Changjiu Industrial was gradually restructured into Changjiu Jinfu, and Changjiu Jinfu entered into new pledged vehicle monitoring service agreements with the relevant financial institutions and automobile dealerships upon the expiration of their original agreements with Changjiu Industrial.

As of November 30, 2021, the entire operation team and all related personnel in connection with the pledged vehicle monitoring service business had been transferred from Changjiu Industrial to Changjiu Jinfu. On the same date, Changjiu Industrial and Changjiu Jinfu entered into a business transfer agreement, pursuant to which Changjiu Industrial agreed to assign to Changjiu Jinfu all its rights and obligations under its then existing pledged vehicle monitoring service agreements at a total consideration of RMB45,510,000 with reference to the contract value of such agreements 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 565 pledged vehicle monitoring service agreements with certain financial institutions and automobile dealerships had not been transferred from Changjiu Industrial to Changjiu Jinfu, primarily because, to our Directors’ best knowledge and belief, it is extremely time-consuming and cumbersome for such users to approve such transfer or a change of signing parties to existing contracts pursuant to their strict internal control policies and procedures. By December 31, 2024, either the rights and obligations of Changjiu Industrial under such unassigned agreements will all be transferred to us, or such unassigned agreements will expire. Although Changjiu Industrial continued to assume its rights and obligations under these agreements, it no longer provides any pledged vehicle monitoring service to the relevant users and has exclusively entrusted us to provide all such services under these agreements pursuant to the Entrustment Agreement entered into between Changjiu Industrial and Changjiu Jinfu on April 26, 2023. See “Business—Our Strategic Business Relationship with Changjiu Group,” “Relationship with Our Controlling Shareholders—Delineation of Business” and “Connected Transactions—Non-exempt Continuing Connected Transactions—(4) Entrustment Agreement” for further details. Save for the aforesaid, Changjiu Industrial no longer engages in the provision of pledged vehicle monitoring services.

Acquisition of Changjiu Jinfu by Shanghai Bozhong

Pursuant to an equity transfer agreement dated May 30, 2022, Shanghai Bozhong acquired the entire equity interest in Changjiu Jinfu from its then shareholders at a total consideration of RMB101,010,100. Such consideration was determined with reference to the appraisal value of the entire equity interest in Changjiu Jinfu as of April 30, 2022 based on the Valuation Report, and had been fully settled as of the Latest Practicable Date. Upon completion of such equity transfer, Changjiu Jinfu became a wholly-owned subsidiary of Shanghai Bozhong.

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Compliance with PRC Laws and Regulations

Our PRC Legal Advisors have confirmed that (i) the establishment of our subsidiaries in the PRC and their subsequent shareholding changes have complied with the relevant laws and regulations in all material respects; and (ii) the Reorganization has complied with relevant applicable PRC laws and regulations in all material respects.

CONCERT PARTY CONFIRMATION

Pursuant to a concert party confirmation dated March 1, 2023 entered into between our Ultimate Controlling Shareholders, they have acknowledged and agreed that, (i) since they became interested, either directly or indirectly, in each of Changjiu Industrial and any member of our Group, they had been parties acting in concert by aligning their votes at the shareholders’ meetings of these companies, and (ii) for so long as they remain interested, either directly or indirectly, in Changjiu Industrial or any member of our Group, they would continue to be parties acting in concert by aligning their votes at the shareholders’ meetings of these companies.

[REDACTED] SHARE INCENTIVE PLANS

On March 7, 2023, our Company adopted the [REDACTED] Restricted Share Plan. On the same day, we allotted and issued 1,620,000 Shares, representing approximately [REDACTED]% of the total 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), to the Restricted Share SPV at a total consideration of RMB4,325,400.

The limited partners of the Restricted Share SPV are the participants of our [REDACTED] Restricted Share Plan holding their respective Restricted Shares granted by the Company through the Restricted Share SPV. Such granted Restricted Shares are not subject to vesting conditions but lock-up restrictions. Once granted with the Restricted Shares, the limited partners of the Restricted Share SPV are exclusively entitled to participate in the distribution of profit and to receive the economic interests of the Restricted Shares held by the Restricted Share SPV in proportion to their subscribed capital contributions in the Restricted Share SPV pursuant to the limited partnership agreement of the Restricted Share SPV. The general partner of the Restricted Share SPV is Li Qian (李倩), an employee of our Group and the niece of Ms. Li, one of our Controlling Shareholders. She has been designated with the voting rights attaching to the Restricted Shares held by the Restricted Share SPV, but is not entitled to participate in the distribution of profit of the Restricted Share SPV.

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 through the Restricted Share SPV. As all Restricted Shares under the [REDACTED] Restricted Share Plan have already been issued to the Restricted Share SPV, the Restricted Shares will not have any dilution effect on the shareholding of the Company upon [REDACTED]. From accounting aspects, the Restricted Shares are recognized as treasury shares in the statements of financial position considering the specific service conditions and the respective repurchase obligations. For details, see Note 23

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to the Accountants’ Report in Appendix I to this document. Assuming full unlock of the Restricted Shares at the same time, the dilution impact on the earnings per share of the Company would be [REDACTED]%. 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. As all five limited partners are officers and employees of our Group, and Ms. Jia Hui, our executive Director and a core connected person of our Company, contributed more than one third of the capital of the Restricted Share SPV, the Restricted Share SPV is a close associate of Ms. Jia Hui. In addition, a portion of the total consideration of the Shares subscribed by the Restricted Share SPV was financed by Ms. Jia Hui. Therefore, the Restricted Share SPV will be a core connected person of our Company, and the Shares held by the Restricted Share SPV will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules upon the [REDACTED].

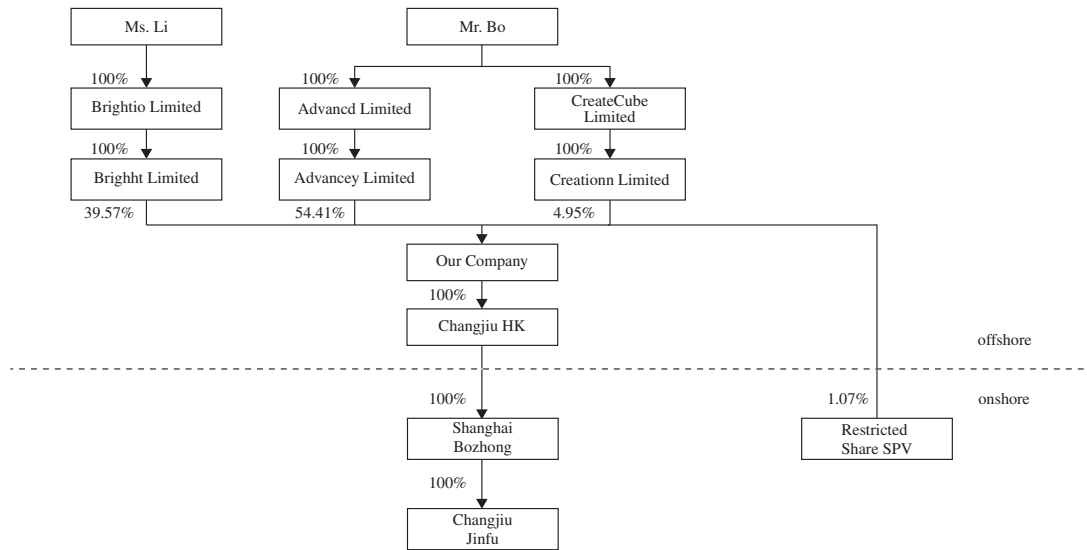
On March 7, 2023, our Company also adopted the [REDACTED] Share Option Plan. As of the Latest Practicable Date, a total of [REDACTED] [REDACTED] Share Options, representing approximately [REDACTED]% of the total issued share capital of our Company immediately after the [REDACTED] (without taking into 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 prior to the [REDACTED]. No further options may be granted under the [REDACTED] Share Option Plan after the [REDACTED]. As of the Latest Practicable Date, save as the [REDACTED] Share Options to subscribe for [REDACTED] Shares granted to three grantees had been forfeited following their resignation, the remaining [REDACTED] Share Options to subscribe for [REDACTED] Shares were not exercised and remained outstanding. Assuming full vesting and exercise of the outstanding [REDACTED] Share Options, the shareholding percentage of our Shareholders immediately following the [REDACTED] would be diluted by approximately [REDACTED]% as calculated based on [REDACTED] Shares then in issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the [REDACTED]) and the dilution effect on our earnings per Share would be [REDACTED]%. See “Appendix IV—Statutory and General Information—D. [REDACTED] Share Incentive Plans—2. [REDACTED] Share Option Plan” for further details.

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CORPORATE STRUCTURE

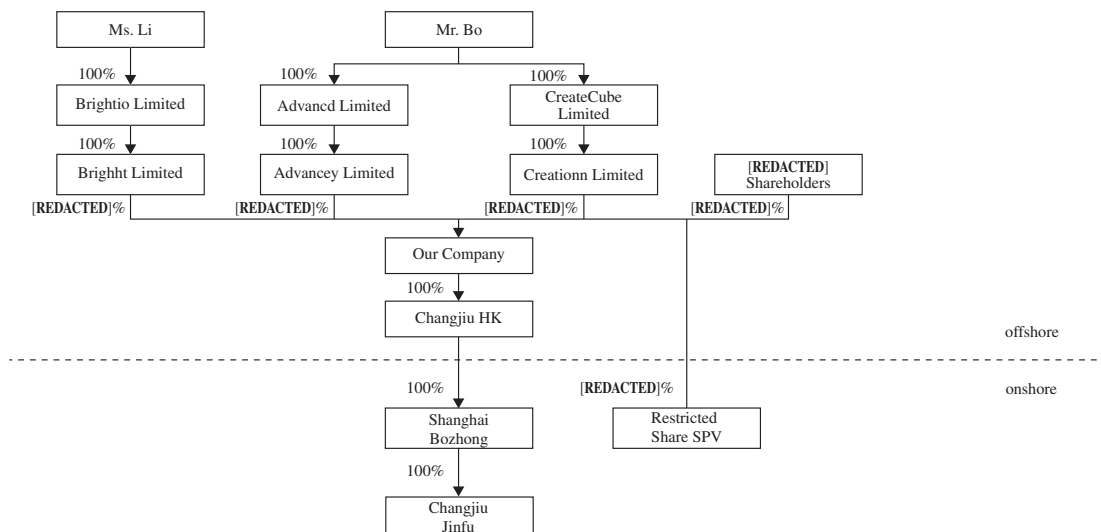
Corporate Structure before the [REDACTED]

The following chart sets forth the corporate structure of our Group after the Reorganization and immediately before the [REDACTED]:



Corporate Structure immediately following the [REDACTED]

The following chart set forth the corporate structure of our Group immediately following 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):



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PRC REGULATORY REQUIREMENTS

SAFE Circular 37

Pursuant to the Circular of the SAFE on Foreign Exchange Administration of Overseas Investment, Financing and Round-trip Investments Conducted by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “SAFE Circular 37”) effective on July 4, 2014, a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing. Pursuant to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》), the power to accept such registration was delegated from local SAFE branch to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisors, as of June 4, 2021, Mr. Bo and Ms. Li have completed the required registration under the SAFE Circular 37 in relation to their equity interest in our Company.

Overseas Direct Investment Registrations

On 13 July 2009, the SAFE issued Provisions on the Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions (《境內機構境外直接投資外匯管理規定》) (the “ODI Provisions”). Pursuant to this, domestic institutions may make overseas direct investment with their own foreign exchange funds, domestic foreign exchange loans meeting the relevant requirements, foreign exchange purchased with RMB funds, tangible assets, intangible assets and other sources of foreign exchange assets approved by the foreign exchange authorities. Domestic institutions may retain the profits made from overseas direct investment outside China for their overseas direct investment. In addition, a domestic institution shall, after obtaining the approval of its overseas direct investment from the competent administrative department of overseas direct investment, handle the foreign exchange registration formalities for its overseas direct investment at the local foreign exchange authority. Pursuant to the Notice of the State Administration of Foreign Exchange on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) and Guidelines for Foreign Exchange Business under Capital Accounts (《資本項目外匯業務指引》) issued by SAFE, the power to accept such registration was delegated from local SAFE branch to local banks.

As advised by our PRC Legal Advisors, as of April 28, 2023, the PRC shareholder of our Company, namely the Restricted Share SPV, has completed the overseas direct investment registration as required under the ODI Provisions.

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M&A Rules

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State Assets Supervision and Administration Commission, the STA, the SAIC, the CSRC and the SAFE, jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “M&A Rules”), which became effective on September 8, 2006, and was amended on June 22, 2009.

The M&A Rules requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC persons or entities to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and this [REDACTED] may ultimately require approval of the CSRC.

Our PRC Legal Advisors have advised us that, based on their understanding of the PRC laws and regulations currently in effect, we will not be required to submit an application to the CSRC for the approval under the M&A Rules of this [REDACTED] because the WFOE was not established through a merger or requisition of the equity or assets of a “PRC domestic company” as such term is defined under the M&A Rules. However, our PRC Legal Advisors further advised that there is uncertainty as to how the M&A Rules will be interpreted or implemented, and new rules or regulations promulgated in the future may impose additional requirement on us.