

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business—Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], after deducting the [REDACTED] commissions and other estimated expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] is not exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range set forth on the cover page of this document). We intend to use such [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

Major Categories	% of Total [REDACTED]	Amount	Sub-categories	% of Total [REDACTED]	Timeframe		
					2024	2025	2026
Improve our pledged vehicle monitoring services	[REDACTED]%	HK\$[REDACTED]	Upgrade and promote our hardware and equipment	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
			Increase the features of our software products	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Develop an integrated supporting system for the automobile sales and distribution industry	[REDACTED]%	HK\$[REDACTED]	Recruit R&D staff	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
			Deepen our cooperation with third-party vendors and enhance our R&D capabilities	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
			Continue to improve our digital information infrastructure	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Expand our automobile dealership operation management capacity	[REDACTED]%	HK\$[REDACTED] ⁽¹⁾	Improve our automobile dealership operation management services	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
			Improve the quality of our automobile dealership operation management services	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
Expand our sales and marketing capacity	[REDACTED]%	HK\$[REDACTED]	Expand our ground marketing teams	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
			Expand our online marketing and promotion capacity	[REDACTED]%	[REDACTED]%	[REDACTED]%	[REDACTED]%
General business operations and working capital	[REDACTED]%	HK\$[REDACTED]	N/A	[REDACTED]%	N/A	N/A	N/A

Note:

(1) We plan to use these [REDACTED] over a term of three years from 2024 to 2026.

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Plans to Improve Our Pledged Vehicle Monitoring Services

Upgrade and Promote Our Hardware and Equipment

We plan to continuously upgrade our hardware products, such as our lockboxes and OBD devices, to improve efficiency and reduce human errors. We plan to upgrade our lockbox by improving its shape and volume, optimizing the methods to access the certificate and keys to increase efficiency, enhancing features with respect to anti-counterfeiting, authenticity identification and watermark recognition in order to increase products’ security and protect against changing fraud and counterfeiting technologies, and adjusting the function composition on a single lockbox to contain a different combination of service features to meet customized needs from customers. We plan to update OBD devices by simplifying the device structure, improving the volume and weight of the device, and enlarging its vehicle identification range to tackle with a larger number of and more kinds of vehicle. We also plan to promote our upgraded hardware products among our customers across the country through enhanced marketing means by focusing high-end automobile brands and regions where the brands that we are working with are located and get timely feedback from customers to improve the quality of our pledged vehicle monitoring services, enhance customer experience and expand our market share.

Increase the Features of Our Software Products

We plan to continue to (i) upgrade the pledged vehicle monitoring functions and pool of preset commands in our VFS system by means of introducing monitoring modules for external vehicles to expand our service coverage, purchasing used-car assessment systems from used-car trading platforms and adopting classified pledged vehicle monitoring functions at different dealership levels in order to meet the evolving market condition and customers’ need; and (ii) enhance the connectivity of our software and hardware devices, including our VFS system, Vehicle Connect system, RFIDs and OBDS, to optimize financial institutions’ access to our system, streamline the monitoring process and improve operational efficiency by means of upgrading servers, expanding the storage space, increasing the uploading speed and recruiting approximately 16 experienced engineers by the end of 2026.

We believe there will be sufficient market demand for pledged vehicle monitoring services to accommodate our improvement plan. According to CIC, the total addressable market of pledged vehicle monitoring services for automobile dealerships and general automobile trading stores in China was approximately RMB6.1 billion in 2022. See “Industry Overview–Overview of China’s Pledged Vehicle Monitoring Services Market” for further details. By upgrading hardware and software for pledged vehicle monitoring services, we can position ourselves to capitalize on the potential opportunities in the market, enhance our service offerings and meet the evolving needs of the industry, which could not be fully captured by the current forecast of the relevant market. For example, the upgrading of our lockboxes/OBD devices and improvement of our software modules could potentially lead to increases in our services fees and expansion to new user base, such as general automobile trading stores, for which secured financing is expected to become more widely available in the

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future as financial institutions begin to provide new secured financing products with lower credit support requirement targeting such customers. Both the potential increase in service fee and the potential new user base are not reflected by the estimated market size and could drive market expansion beyond the current expectation.

Plans to Develop an Integrated Supporting System for the Automobile Sales and Distribution Industry

Recruit R&D Staff

We plan to recruit approximately 63, 87 and 98 experienced researchers, programmers and engineers by the end of 2024, 2025 and 2026, respectively, who specialize in big data analytics, artificial intelligence and software development with competitive salaries. Through our R&D team, we plan to develop a series of supporting systems to analyze data relating to automobile brands and models to improve our data analysis capabilities to cope with our growing data volume, new business needs and diversified customer demands.

Deepen Our Cooperation with Third-party Vendors and Enhance Our R&D Capabilities

We plan to (i) cooperate with and procure data analytics from third-party data service providers to improve our capabilities of data acquisition and analysis; and (ii) acquire professional software and other products to improve the functions of our Smart Star system to further improve the operation management solutions we provide to automobile dealerships. We plan to select and screen third-party vendors based on our internal criteria, including but not limited to service quality, qualifications, track record and price. We plan to explore opportunities with software, hardware and/or technology service vendors for each cooperation matter and the expected timeframe of cooperation will be between 2024 to 2026 and the details of which will be determined based on the capabilities of the vendors and on a case-by-case basis.

Continue to Improve Our Digital Information Infrastructure

We plan to (i) continue to improve the capabilities of our supporting system by establishing an integrated financial information system with financial information, data and budget management and analysis capabilities; (ii) cooperate with third-party data service providers to improve our analysis capabilities by improving the capabilities of our customer relationship management, operation analysis, decision-making and smart data analysis; (iii) improve our data processing and computing capabilities by uploading and integrating automobile-related data to servers of multiple providers, building enhanced firewall, and plugging in vulnerability/viruses scanning and discovering features; and (iv) procure advanced project management system with performance management, automated testing and code optimization tools from software companies to improve the development efficiency of our supporting system.

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Considering that (i) the technology involved in the improvement of information infrastructure is well developed in the technology industry; (ii) the estimated potential costs for the proposed improvement are within the acceptable budget range; and (iii) our prior experience and accumulated resources in technology development, we believe that our plan to improve our digital information infrastructure is feasible.

Plans to Expand Our Automobile Dealership Operation Management Capacity

Improve Our Automobile Dealership Operation Management Services

We plan to (i) expand our business development team with approximately 7 additional staff members by the end of 2026 that will be primarily responsible for business outreach, business promotion, data collection and profit forecasting, research and evaluation of business opportunities and potential customers, commercial negotiations, contract signing, due diligence and budgeting to ensure effective customer acquisition; (ii) build an operation team with approximately 29 additional staff members by the end of 2026 that will be primarily responsible for consulting and counseling automobile dealerships with respect to performance and management improvement; and (iii) build a project support team with approximately 51 additional staff members by the end of 2026 that will be primarily responsible for monitoring the overall service quality of our automobile dealership operation management services and supporting the operation team. All of the aforementioned teams will be potentially based in Beijing.

Improve the Quality of Our Automobile Dealership Operation Management Services

We plan to provide our customers across the country with an upgraded automobile dealership operation management system, which can further and deeply integrate the financial and operational data on the system and concurrently solve business, financial and operation problems with more accuracy, to improve automobile dealerships’ profitability and operational efficiency.

We believe there will be sufficient market demand for automobile dealership operation management services to accommodate our expansion plan. According to CIC, approximately 70% of the 30,000 automobile dealerships in China were operating at a loss or barely breaking-even in 2022, primarily due to operational or management deficiencies, such as a lack of mature business plan and training system and limited technology capabilities. These challenges present a growing demand for proficient management teams, with comprehensive operational experience and sophisticated business insight. According to CIC, the market size of such services is expected to reach RMB89.6 million in 2027. See “Industry Overview–Overview of China’s Automobile Dealership Operation Management Services Market” for further details. Therefore, we believe the expansion plan for our automobile dealership operation management services, especially the hiring of additional staff members focused on the business development and operation of automobile dealerships will help establish a solid foundation for our long-term business growth and we intend to deploy a total of approximately HK\$[REDACTED] on our plans to expand our automobile dealership operation management capacity over the three years ending December 31, 2024, 2025 and 2026.

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Plans to Expand Our Sales and Marketing Capacity

Expand Our Ground Marketing Teams

We plan to expand our ground marketing teams by recruiting approximately 76 staff members to provide on-site marketing services covering northern region, eastern region, southern region, western region and central region of China; business and product teams by recruiting approximately 10 staff members to provide user engagement services, user demand analysis and product research; and branding teams by recruiting approximately 35 staff members to offer content production, service promotion and new media services.

Expand our Online Marketing and Promotion Capacity

We aim to reach a wider group of customers through high-quality online marketing content, such as text advertising, videos and live broadcasts.

General Business Operations and Working Capital

We expect to have increasing needs for working capital as a result of our expected organic growth, service diversification and more automobile dealerships under management.

If the [REDACTED] is exercised in full, we estimate that the additional [REDACTED] from the [REDACTED] of these additional [REDACTED] will be approximately HK\$[REDACTED], after deducting the [REDACTED] commissions and other estimated expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range. We intend to apply such additional [REDACTED] to the purposes stated above in the same proportions.

If the [REDACTED] is determined at HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED] range stated in this document, we will receive additional [REDACTED] of approximately HK\$[REDACTED]. If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED] range stated in this document, the [REDACTED] we receive will be reduced by approximately HK\$[REDACTED]. If the [REDACTED] is set above the mid-point of the indicative [REDACTED] range, we intend to apply the additional amounts to the purposes stated above in the same proportions. If the [REDACTED] is set below the mid-point of the indicative [REDACTED] range, we intend to reduce the allocation of the [REDACTED] to the purposes stated above on a pro rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the purposes stated above, and to the extent permitted by applicable laws and regulations, we intend to only place such [REDACTED] in short-term interest-bearing accounts at licensed banks or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws in the relevant jurisdictions for non-Hong Kong based deposits). We will make a formal announcement in the event that there is any change in our use of [REDACTED] from the purposes stated above or in our allocation of the [REDACTED] in the proportions stated above.