Application Proof of

Woodpecker International INC
啄木鳥維修國際有限公司

(the "Company")

(a company incorporated in the Cayman Islands with limited liability)

WARNING

The publication of this Application Proof is required by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Commission (the "**Commission**") solely for the purpose of providing information to the public in Hong Kong.

This Application Proof is in draft form. The information contained in it is incomplete and is subject to change which can be material. By viewing this document, you acknowledge, accept and agree with the Company, its joint sponsors, overall coordinators, advisors or members of the underwriting syndicate that:

(a) this document is only for the purpose of providing information about the Company to the public in Hong Kong and not for any other purposes. No investment decision should be based on the information contained in this document;

(b) the publication of this document or supplemental, revised or replacement pages on the Stock Exchange's website does not give rise to any obligation of the Company, its joint sponsors, overall coordinators, advisors or members of the underwriting syndicate to proceed with an offering in Hong Kong or any other jurisdiction. There is no assurance that the Company will proceed with the offering;

(c) the contents of this document or supplemental, revised or replacement pages may or may not be replicated in full or in part in the actual final listing document;

(d) the Application Proof is not the final listing document and may be updated or revised by the Company from time to time in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(e) this document does not constitute a prospectus, offering circular, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it calculated to invite offers by the public to subscribe for or purchase any securities;

(f) this document must not be regarded as an inducement to subscribe for or purchase any securities, and no such inducement is intended;

(g) neither the Company nor any of its affiliates, advisors or members of its underwriting syndicate is offering, or is soliciting offers to buy, any securities in any jurisdiction through the publication of this document;

(h) no application for the securities mentioned in this document should be made by any person nor would such application be accepted;

(i) the Company has not and will not register the securities referred to in this document under the United States Securities Act of 1933, as amended, or any state securities laws of the United States;

(j) as there may be legal restrictions on the publication of this document or dissemination of any information contained in this document, you agree to inform yourself about and observe any such restrictions applicable to you; and

(k) the application to which this document relates has not been approved for listing and the Stock Exchange and the Commission may accept, return or reject the application for the subject public offering and/or listing.

If an offer or an invitation is made to the public in Hong Kong in due course, prospective investors are reminded to make their investment decisions solely based on the Company's prospectus registered with the Registrar of Companies in Hong Kong, copies of which will be distributed to the public during the offer period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

IMPORTANT

IMPORTANT: If you have doubt about any of the contents in this document, you should obtain independent professional advice.

Woodpecker International INC
啄木鳥維修國際有限公司

(incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED] plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on [REDACTED] in Hong Kong dollars, subject to refund)**
Nominal value	**:**	**US$[REDACTED] per Share**
[REDACTED]	**:**	**[REDACTED]**

Joint Sponsors

CICC 中金公司　　ZTSC 中泰國際

[REDACTED]

[REDACTED]

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

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

The **[REDACTED]** is expected to be determined by agreement between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and the Company on the **[REDACTED]**. The **[REDACTED]** is expected to be on or before **[REDACTED]** (Hong Kong time).

The **[REDACTED]** will be no more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]** unless otherwise announced. If, for any reason, the **[REDACTED]** is not agreed by **[REDACTED]** on **[REDACTED]** (Hong Kong time) between the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and the Company, the **[REDACTED]** will not proceed and will lapse.

The [REDACTED] (for themselves and on behalf of the [REDACTED]) may, with our consent, reduce the number of [REDACTED] being [REDACTED] under the [REDACTED] and/or the indicative [REDACTED] below that stated in this document at any time on or prior to the morning of the last day for lodging [REDACTED] under the [REDACTED]. In such a case, an announcement will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.woodpeckermaintenance.com as soon as practicable following such decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging [REDACTED] under the [REDACTED]. For further details, see "Structure of the [REDACTED]" and "How to apply for [REDACTED]."

The obligations of the **[REDACTED]** under the **[REDACTED]** are subject to termination by the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) if certain grounds arise prior to 8:00 a.m. on the **[REDACTED]**. For more details, see "**[REDACTED]**."

Prior to making an **[REDACTED]** decision, prospective **[REDACTED]** should consider carefully all of the information set out in this document, including the risk factors set out in "Risk Factors."

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be **[REDACTED]**, sold, pledged or transferred within the United States or to, or for the account or benefit of United States persons, except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. The **[REDACTED]** are being **[REDACTED]** and sold (i) in the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the Securities Act and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE [REDACTED]

This document is issued by the Company solely in connection with the [**REDACTED**] *and the* [**REDACTED**] *and does not constitute an* [**REDACTED**] *to sell or a solicitation of an* [**REDACTED**] *to buy any security other than the* [**REDACTED**] *by this document pursuant to the* [**REDACTED**]. *This document may not be used for the purpose of making, and does not constitute, an* [**REDACTED**] *or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a* [**REDACTED**] *of the* [**REDACTED**] *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document for purposes of a* [**REDACTED**] *and the* [**REDACTED**] *and sale of the* [**REDACTED**] *in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

You should rely only on the information contained in this document to make your [**REDACTED**] *decision. The* [**REDACTED**] *is made solely on the basis of the information contained and the representations made in this document. We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not contained nor made in this document must not be relied on by you as having been authorized by the Company, the Joint Sponsors, the* [**REDACTED**], *the* [**REDACTED**], *the* [**REDACTED**], [**REDACTED**], *the* [**REDACTED**], *any of the* [**REDACTED**] *and the* [**REDACTED**], *any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the* [**REDACTED**]. *Information contained on our website (**www.woodpeckermaintenance.com**) does not form part of this document.*

CONTENTS

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. Moreover, there are risks associated with any [**REDACTED**]. *Some of the particular risks in* [**REDACTED**] *in the* [**REDACTED**] *are set out in "Risk Factors." You should read the entire Document carefully before you decide to* [**REDACTED**] *in the* [**REDACTED**].

OVERVIEW

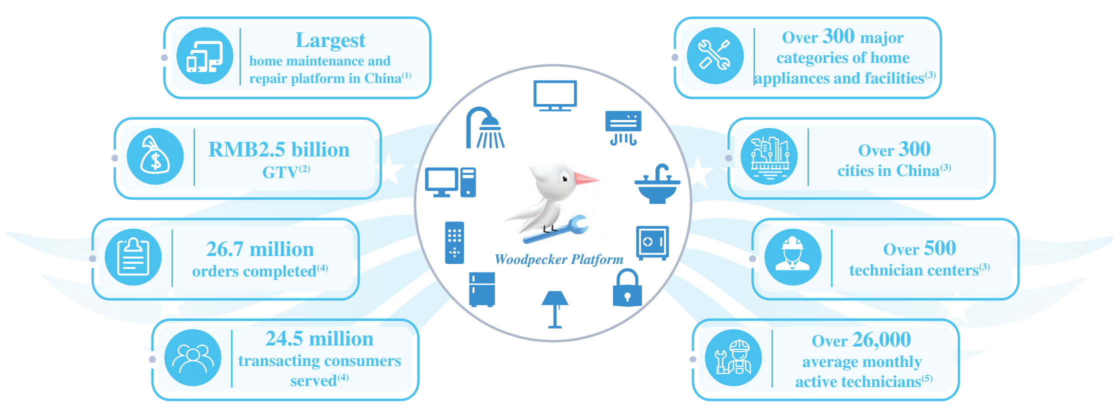
We are the largest home maintenance and repair platform with a 2.4% market share in China's online home maintenance and repair industry in 2023 in terms of GTV, according to CIC. With the know-how accumulated in decades of industry experience, we have taken initiatives to promote the digitalization of China's home maintenance and repair industry. Leveraging our strong technology capabilities, we have standardized home maintenance and repair services for pricing, service quality, delivery processes and post-service assurance. Our *Woodpecker* (啄木鳥) platform makes convenient, transparent and trustworthy services available to millions of Chinese families in over 300 cities, while providing sustainable income opportunities to a broad base of technicians.

Our *Woodpecker* platform serves as a convenient one-stop solution for a diverse array of home maintenance and repair needs. Services available on our platform span across over 300 major categories of home appliances and facilities, ranging from home appliance repair, cleaning and installation to plumbing and electrical maintenance, pipe unclogging, lock repair and replacement, wet area waterproofing, wall refurbishment, kitchen and bathroom renovation, tile and flooring repair, door and window maintenance, furniture repair, as well as electronics repair such as phones and laptops. The aggregate GTV of our platform increased from RMB0.99 billion in 2021 to RMB1.46 billion in 2022 and further to RMB2.48 billion in 2023, representing a CAGR of 58.5% from 2021 to 2023. The aggregate GTV of our platform was RMB1.57 billion in the six months ended June 30, 2024. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our platform served approximately 4.0 million, 5.5 million, 9.0 million and 6.1 million transacting consumers, and facilitated approximately 4.3 million, 6.0 million, 9.9 million and 6.6 million home maintenance and repair orders, respectively.

A large and growing network of competent and loyal technicians is the key to us being the platform of consumers' choice. Technicians on our platform are our customers to whom we provide platform services facilitating their transactions with consumers relating to home maintenance and repair services. We offer technicians diverse skill training, both online and offline, to help them improve service quality and broaden their skill sets. We provide them with standardized service guidance and digital tools to enhance the efficiency and professionalism of their services. We have established a nationwide network of over 500 technician centers, offering partner technicians diverse and professional training, technical and supply chain support, as well as an interactive and vibrant social community. For technicians who have developed strong leadership benefitting from our technician empowerment system, we offer them the opportunity to join us as our employees and manage frontline operations in local markets, opening up career advancement options rarely found in this traditional industry. Our approach has fostered a strong sense of loyalty among technicians to our platform and contributed to our consistent service quality. The average monthly active technicians on our platform increased by 62.8% from 7,092 in 2021 to 11,546 in 2022, and further increased by 65.5% to 19,105 in 2023, and by 41.2% to 26,968 in the six months ended June 30, 2024.

Consumers can access our platform through a variety of convenient channels, including our *Woodpecker* Consumer App, WeChat mini-app, live chat on our websites, toll-free phone calls, as well as aggregation platforms that we collaborate with. These aggregation platforms primarily include major online platforms operating search engines and mobile apps with robust traffic. They offer two types of services: (i) traffic acquisition services which can generate sales leads for us, and (ii) platform services which distribute consumers' home maintenance and repair orders on their platforms to us. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the orders fulfilled through our platform that were converted from leads obtained through aggregation platforms' traffic acquisition services accounted for 64.1%, 61.5%, 62.8% and 64.6% of our platform's total GTV, respectively; and the orders fulfilled through our platform that were received from the aggregation platforms accounted for 10.9%, 6.1%, 3.7% and 2.3% of our platform's total GTV, respectively. For more details, see "Business — Our Woodpecker Platform — Our Collaboration with Aggregation Platforms."

OUR SCALE AND FINANCIAL PERFORMANCE



Notes:

(1) In terms of GTV in 2023, according to CIC

(2) In 2023

(3) As of June 30, 2024

(4) During the Track Record Period

(5) In the six months ended June 30, 2024

We have achieved significant growth in recent years. The aggregate GTV of our platform increased from RMB0.99 billion in 2021 to RMB1.46 billion in 2022 and further to RMB2.48 billion in 2023, representing a CAGR of 58.5% from 2021 to 2023. The number of service orders completed on our platform increased from approximately 4.3 million in 2021 to approximately 6.0 million in 2022, and further to approximately 9.9 million in 2023. The number of service orders completed on our platform was approximately 6.6 million in the six months ended June 30, 2024. The transacting consumers our platform served increased from approximately 4.0 million in 2021 to approximately 5.5 million in 2022, and further to approximately 9.0 million in 2023. The transacting consumers our platform served was approximately 6.1 million in the six months ended June 30, 2024. Our revenue increased by 48.1% from RMB401.4 million in 2021 to RMB594.6 million in 2022, and further increased by 70.0% to RMB1.0 billion in 2023. Our revenue increased by 45.1% from RMB429.3 million to RMB622.8 million in the six months ended June 30, 2023 to the same period in 2024. Our net profit decreased to RMB6.2 million in 2022 from RMB33.4 million in 2021, primarily due to a loss arising from changes in fair value of the paid-in capital with preferred rights of Chongqing Woodpecker in 2022. Our net profit significantly increased from RMB6.2 million in 2022 to RMB48.9 million in 2023. Our net profit slightly decreased from RMB41.5 million in the six months ended June 30, 2023 to RMB38.9 million in the six months ended June 30, 2024, primarily due to the significant increase of selling and marketing expenses in line with the boost of service orders on our platform. Our adjusted net profit (non-IFRS measure) increased from RMB23.6 million in 2021 to RMB42.8 million in 2022, and significantly increased to RMB144.6 million in 2023. Our adjusted net profit (non-IFRS measure) slightly decreased from RMB75.1 million in the six months ended June 30, 2023 to RMB72.9 million in the six months ended June 30, 2024.

OUR *WOODPECKER* SOLUTIONS

China's home maintenance and repair industry faces various challenges. Technicians often experience an unstable order flow, leading to fluctuating income and a high turnover rate within the industry. Due to a lack of high-quality, easily accessible training, they struggle to keep up with the increasingly complex requirements of maintenance and repair. On the consumer side, the process of finding competent technicians is time-consuming, often resulting in extended waiting time. The absence of standardized industry practices leads to inconsistent service quality and opaque pricing, ultimately undermining consumer trust and satisfaction.

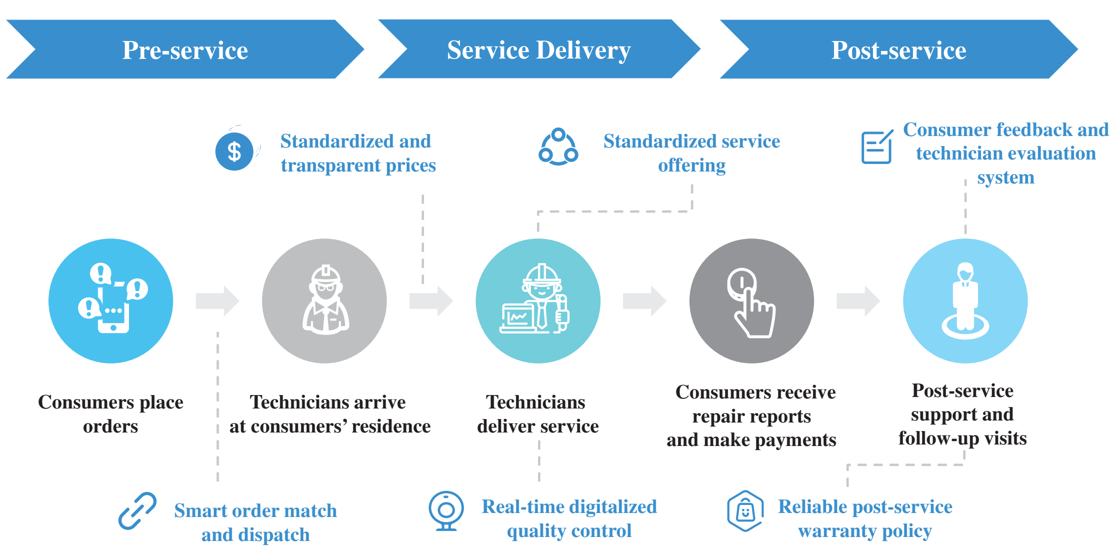
Since our inception, we are committed to addressing the key challenges faced by China's home maintenance and repair industry. Our journey began when our founder and Chairman, Mr. WANG Guowei (王國偉), started his career as a frontline technician. With decades of industry experience, Mr. Wang has witnessed the industry's evolution and pioneered its digital transformation. Our founder team combines a deep understanding of home maintenance and repair services with digital technologies, creating our distinctive Service-as-a-Product ("SaaP") model. Our SaaP model divides complex transaction processes and non-standard services varying by individual demand into well-delineated modules that technicians can follow in pre-service, service delivery and post-service stages. This allows home maintenance and repair services to be searched for and purchased on our platform in a similar way to standardized physical goods. By implementing the SaaP model across the entire service chain, we bring transparency to service scope and pricing, standardize service delivery, and ensure quality assurance in an industry historically lack of transparency and efficiency.

- *Standardized services.* Our *Woodpecker* platform serves as a one-stop solution for a comprehensive range of home maintenance and repair services. Our SaaP model transforms wide-ranging, non-standard home maintenance and repair services into modularized, standardized products. These products eliminate information gaps among consumers, technicians and us as a platform. The SaaP model enables us to achieve efficient iteration of service procedures and continuous refinement of service quality.

- *Technology foundation.* We have built in-house *Tiangong* System (天工系統), an end-to-end system that digitalizes key aspects of our business operations, such as order placement, order dispatch, standard operating procedure management and quality assurance, and supports our back-end operations, such as R&D, sales and marketing, as well as human resources. *Tiangong* System enables us to derive unique business insights from a significant volume of business data from the transactions fulfilled through our *Woodpecker* platform, driving the ongoing optimization and iteration of services available on our platform. Our comprehensive digital capabilities significantly enhance our operation and management efficiency, expanding the scalability of our business.

- *Flywheel effect.* Through our smart order dispatch system, we connect consumers with a large pool of well-trained technicians in real time. With standardized service procedures and consistent service quality, we effectively address consumers' home maintenance and repair needs, which drives strong word-of-mouth referrals for our services. Abundant consumer orders, coupled with fair and standardized transaction processes, consistently attract skilled technicians to our platform, which in turn improves order dispatch efficiency and enhances consumer satisfaction, creating a positive and sustainable flywheel effect.

The following chart illustrates the standardized service workflow of our home maintenance and repair services, spanning pre-service, service delivery, and post-service stages.



OUR OFFERINGS

Our services span across over 300 major categories of home appliances and facilities as of June 30, 2024. Our service offerings are divided into two main categories: appliance repair services and home maintenance services. The following diagram illustrates a summary of our offerings.

The following table sets forth the key indicators of service orders fulfilled through our platform for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Total				
GTV (RMB in millions)(1) . . .	986.4	1,462.2	2,479.1	1,567.0
Number of service orders . . .	4,255,917	6,004,806	9,910,066	6,568,008
GTV per order (RMB)(2)	231.8	243.5	250.2	238.6
Appliance repair services(3)				
GTV (RMB in millions)(1)(4) . .	597.5	814.3	1,294.4	847.4
Number of service orders	2,650,865	3,627,210	5,771,637	3,980,297
GTV per order (RMB)(2)	225.4	224.5	224.3	212.9
Home maintenance services				
GTV (RMB in millions)(1)(5) . .	388.9	647.9	1,184.7	719.6
Number of service orders	1,605,052	2,377,596	4,138,429	2,587,712
GTV per order (RMB)(2)	242.3	272.5	286.3	278.1

Notes:

(1) Represents the total amount paid by consumers for the service orders completed through our platform (including the amounts paid for spare parts, materials and home appliances that are used or installed by technicians during their services), after giving effect to refunds and without deducting any commission charged on service orders and the value-added tax.

(2) Calculated by dividing the GTV of service orders by the total number of service orders fulfilled through our platform in a given period.

(3) Appliance repair services encompass repair, cleaning and installation services for home appliances.

(4) In 2021, 2022 and 2023, and the six months ended June 30, 2024, the GTV contributed by repair services for home appliances amounted to RMB476.1 million, RMB621.0 million, RMB989.2 million and RMB619.0 million, respectively, accounting for 48.3%, 42.5%, 39.9% and 39.5% of our total GTV, respectively, making repair services the largest component within appliance repair services.

(5) During the Track Record Period, plumbing and electrical maintenance services constituted the largest component within home maintenance services. The GTV contributed by plumbing and electrical maintenance services amounted to RMB163.0 million, RMB258.4 million, RMB452.2 million and RMB265.0 million in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively, accounting for 16.5%, 17.7%, 18.2% and 16.9% of our total GTV, respectively.

The following table sets forth certain of our key operating data for the periods indicated.

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2021	2022	2023	2024
Number of cities covered	296	292	307	329
Number of registered technicians	24,936	41,707	67,045	71,143
Average number of monthly active technicians	7,092	11,546	19,105	26,968
Average number of orders per technician	348	312	348	144
Technician retention rate(1)	86.9%	86.9%	87.0%	84.8%
Number of transacting consumers	3,966,573	5,508,439	8,975,892	6,068,736
Prompt outreach ratio(2)	94.2%	96.0%	96.1%	94.5%
Order success rate(3)	60.2%	57.8%	54.7%	53.7%

Notes:

(1) Represents the weighted average of the technician retention rate for each month in the period, which is calculated by dividing (i) the number of technicians who have taken orders through our platform in both the previous month and the current month by (ii) the number of technicians taking orders in the previous month.

(2) Calculated by dividing the number of orders where technicians reached out to consumers within ten minutes after they are matched with service orders by the total orders that are successfully matched with technicians in a given period.

(3) Calculated by dividing the number of orders where consumers paid RMB30.0 or above by the total number of orders placed through our platform in a given period. For the purpose of calculating the order success rate, orders where technicians charged consumers an on-site inspection fee of RMB30.0 but did not proceed with repair or maintenance services at the consumer's discretion are considered successful orders. According to our SOP, technicians must inform consumers when scheduling a service appointment that an on-site inspection fee will be charged if the consumer decides not to proceed with the repair or maintenance services. Since February 2022, we have offered technicians the option to waive the on-site inspection fee to encourage consumers to accept service appointments. This incentive aims to help technicians complete more services and increase their order volume. As a result, orders with the waived on-site inspection fee are included in the total number of orders but not in the count of successful orders. This policy change led to a decrease in our order success rate from 60.2% in 2021 to 57.8% in 2022, and further to 54.7% in 2023, and 53.7% in the six months ended June 30, 2024.

OUR REVENUE MODEL

During the Track Record Period, we generated revenue from providing platform services, sales of products, and providing maintenance services to corporate customers.

Platform Services

For our platform services, we act as an agent that facilitates the home maintenance and repair service orders between the technicians and consumers. We generate revenue from charging technicians services fees for matching them with home maintenance and repair service orders placed on our *Woodpecker* platform or through aggregation platforms. We cooperate with certain aggregation platforms, primarily including lifestyle service mobile apps and search engines, to acquire home maintenance and repair service orders. When consumers place home maintenance and repair services orders through these aggregation platforms, these platforms usually collect the consumers' payments for the service orders fulfilled by technicians dispatched through our platform and settle such payments with us after deducting their commission.

We charge technicians information technology service fees based on a percentage of the total amount of the order, which usually varies taking into account factors such as (i) the type of home maintenance and repair services, (ii) the incentives to technicians for their engagement with our platform, (iii) consumers' spending power in the local markets, and (iv) seasonal fluctuations in consumer demand for specific services.

Sales of Products

For our sales of products, we sell technicians spare parts and materials that are used during their maintenance and repair services, and sell transacting consumers on our platform certain home appliances that will be installed to replace old ones in the process of fulfilling maintenance and repair service orders. We procure spare parts and materials and home appliances from selected suppliers based on our evaluation on the quality of their products. The spare parts and materials and home appliances are procured by us from qualified suppliers. We act as a principal in sales of products. We generate profit from the difference between the procurement price and the sales price of products. The sales price of the products is determined on the cost-plus basis with reference to the prevailing market price for the products and the procurement cost incurred by us.

Maintenance Services

We act as a principal in providing maintenance services to corporate customers. Our corporate customers place their maintenance service orders and settle the service fees with us on order basis. We generate revenue from the transaction price of maintenance services. The transaction price for our maintenance services is determined with reference to (i) the scope of work, complexity of the service and the total contract amount, (ii) the prevailing market price for the service, (iii) the performance cost incurred by us, and (iv) the negotiation with the customers.

The following table sets forth a breakdown of our revenue by types of services, in both absolute terms and as a percentage of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Platform services	358,120	89.3	530,231	89.2	912,026	90.2	383,990	89.4	543,294	87.3
Sales of products	37,831	9.4	59,064	9.9	94,918	9.4	44,166	10.3	72,521	11.6
Maintenance services	5,409	1.3	5,266	0.9	4,049	0.4	1,159	0.3	6,986	1.1
Total	**401,360**	**100.0**	**594,561**	**100.0**	**1,010,993**	**100.0**	**429,315**	**100.0**	**622,801**	**100.0**

Our revenue generated from service orders fulfilled through our platform, consisting of revenue from platform services and from sales of products, accounted for 40.1%, 40.3%, 40.6% and 39.5% of the total GTV of the fulfilled service orders in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors.

- The largest home maintenance and repair platform in China, offering one-stop solutions to household needs;
- Distinctive SaaP model, enhancing service quality and efficiency;
- Nationally recognized *Woodpecker* brand, embodying trust and reliability;
- A large network of competent and loyal technicians;
- Business-oriented technological capabilities; and
- A seasoned, visionary leadership team and frontline managers with deep industry insights.

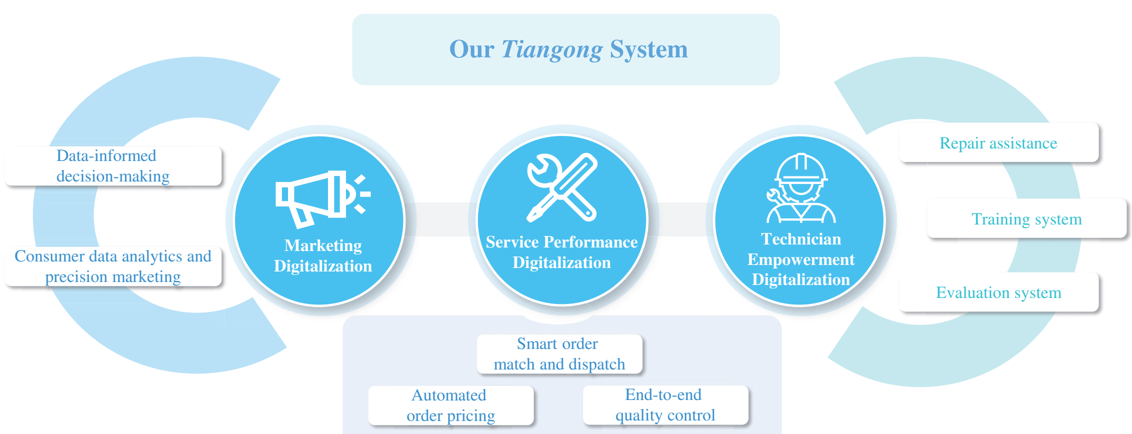
OUR GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

- Diversify our service categories and expand our service network;
- Enhance our brand value and increase our brand influence;
- Continue to empower technicians and expand our technician network;
- Strengthen our technological capabilities; and
- Pursue strategic partnerships, investments and acquisitions.

OUR DIGITAL SYSTEM

We develop and advance our technologies in-house to serve our business objectives. Aimed at maximizing business and management efficiency, with advanced technologies such as big data and AI, we have self-built *Tiangong* System (天工系統), an end-to-end system that has digitalized key aspects of our business operations, including service performance, marketing and technician empowerment. The following diagram illustrates the key components of our *Tiangong* System:



SEASONALITY

Our results of operations are affected by seasonal factors. We generally experience a greater transaction volume on our platform in the third quarter of each year, primarily driven by increased demand for cleaning and maintenance of certain home appliances such as air conditioners due to high temperatures in the summer. As a result, we typically record the highest quarterly GTV and revenue in the third quarter. The transaction volume and revenue in the first quarter are additionally influenced by the Chinese New Year holidays during which many technicians return to their hometowns. Our GTV in the third quarter of 2021, 2022 and 2023 was 91.0%, 92.9% and 83.9% higher than in the first quarter of that year, respectively.

To reduce the fluctuations in our transaction volume affected by such seasonal factors, we usually allocate a substantial portion of our advertising and marketing spending in the fourth quarter of a year to promote our brand awareness based on our projected business volume and growth strategy for the next year. For example, in the fourth quarter of 2023, we made substantial investments in advertising and brand promotion across various channels, such as elevator and high-speed train advertisements, with an aim to boosting our platform's transaction volume in 2024.

We expect such seasonal pattern of our business to continue in the foreseeable future. However, as we continue to expand the service offerings and pool of partner technicians on our *Woodpecker* platform, we do not expect such seasonal fluctuations to have a material impact on our annual results of operations.

COMPETITION

We operate in the online home maintenance and repair industry in China, adopting the online-offline integrated service model. According to CIC, China's home maintenance and repair market size in terms of GTV was RMB714.9 billion in 2023, and is forecasted to reach RMB931.8 billion in 2027, representing a CAGR of 6.8% from 2023 to 2027. The online home maintenance and repair service penetration rate, calculated by dividing the market size of service orders placed through online channels or search engines by the total home maintenance and repair market size in terms of GTV, increased from 3.2% in 2018 to 14.5% in 2023, and is expected to increase to 25.4% in 2027. The online home maintenance and repair industry in China is highly competitive and fragmented. In 2023, the participants in this market included over 50,000 home maintenance and repair service providers utilizing online channels and internet search engines to reach and serve consumers and hundreds of online platforms facilitating home maintenance and repair service transactions between service providers and consumers. According to CIC, the top five online platforms accounted for approximately 5% market share in China's online home maintenance and repair industry in terms of GTV in 2023. We are the largest home maintenance and repair platform with a 2.4 % market share in China's online home maintenance and repair industry in 2023 in terms of GTV, according to CIC.

The home maintenance and repair industry is intensely competitive and characterized by rapid changes in technology, shifting consumer preferences and frequent introduction of new services and products. The convenience and accessibility offered by internet platforms have changed the way individuals approach finding service providers, therefore consumers nowadays are more inclined to place service orders or make appointments through online channels or search engines. Further, with the increasing sophistication and intelligent development of home appliances, as well as the increasing frequency of daily use of electronic equipment, there is a growing consumer demand for specialized repair services which propels frequent introduction of new services and products in the home maintenance and repair industry. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market, some of which may become significant players in the future.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our customers primarily consist of individual partner technicians in the PRC, which represent a highly-fragmented customer base. Revenue derived from our top five customers accounted for less than 5% of our total revenue during the Track Record Period.

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of traffic acquisition, marketing and advertising services, (ii) suppliers of spare parts, materials and appliances, (iii) providers of server hosting, software and other technology services, and (iv) online payment processors. In 2021, 2022 and 2023, and the six months ended June 30, 2024, purchases from our five largest suppliers accounted for 42.0%, 50.8%, 50.4% and 40.5% of our total purchases for the respective period and purchases from our single largest supplier accounted for 12.3%, 21.7%, 19.8% and 11.4% of our total purchases for the respective period. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, except for one supplier who is an affiliate of 58.com Inc., our top five suppliers were all Independent Third Parties.

RISK FACTORS

[**REDACTED**] in the [**REDACTED**] involves certain risks, which could be categorized into (i) risks relating to our business and industry, (ii) risks relating to our corporate structure, (iii) risks relating to government regulations, and (iv) risks relating to the [**REDACTED**]. Some of the major risks we are exposed to are as follows:

- If we are unable to attract and retain technicians on our *Woodpecker* platform, our platform will become less appealing to consumers, and our business, results of operations and financial condition may be materially and adversely impacted;

- If we are unable to attract consumers to transact on our *Woodpecker* platform, our business, results of operations and financial condition may be materially and adversely impacted;

- The home maintenance and repair industry is highly competitive, and we may be unable to compete effectively;

- Our failure to offer satisfactory experience to consumers and technicians may harm our relationship with them and materially and adversely affect our business, results of operations and financial condition;

- There could be adverse legal, tax and other consequences if technicians who fulfill orders placed by consumers online were to be classified as our employees or dispatched employees;

- We collaborate with certain aggregation platforms to attract user traffic to our *Woodpecker* platform and/or obtain a significant number of orders. Any disruption in our collaboration with these aggregation platforms may significantly reduce the number of orders that we can serve;

- If we fail to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected;

- Growth of our business will depend on our brand, and any failure to maintain, protect and enhance our brand would limit our ability to retain or expand our network of consumers and technicians, which would materially and adversely affect our business, financial condition and results of operations;

- If we are unable to develop or manage new or upgraded solutions or technologies that are well accepted by the market, our business, results of operations, financial condition and prospects may be adversely affected; and

- We depend on search engines, information listing platforms, social media apps and other third-party channels to attract a significant portion of our consumers, and if those businesses change their ranking or listings practices or algorithms or increase their pricing, it could impact our ability to attract new consumers.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Track Record Period and up to the Latest Practicable Date, we did not commit any non-compliance of laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, save as certain non-compliance incidents relating to the contribution to social insurance and housing provident funds, we had complied with the relevant laws and regulations in all material respects. For a discussion of our non-compliance with respect to social insurance and housing provident fund contributions, see "Business — Regulatory Compliance."

OUR CONTROLLING SHAREHOLDERS

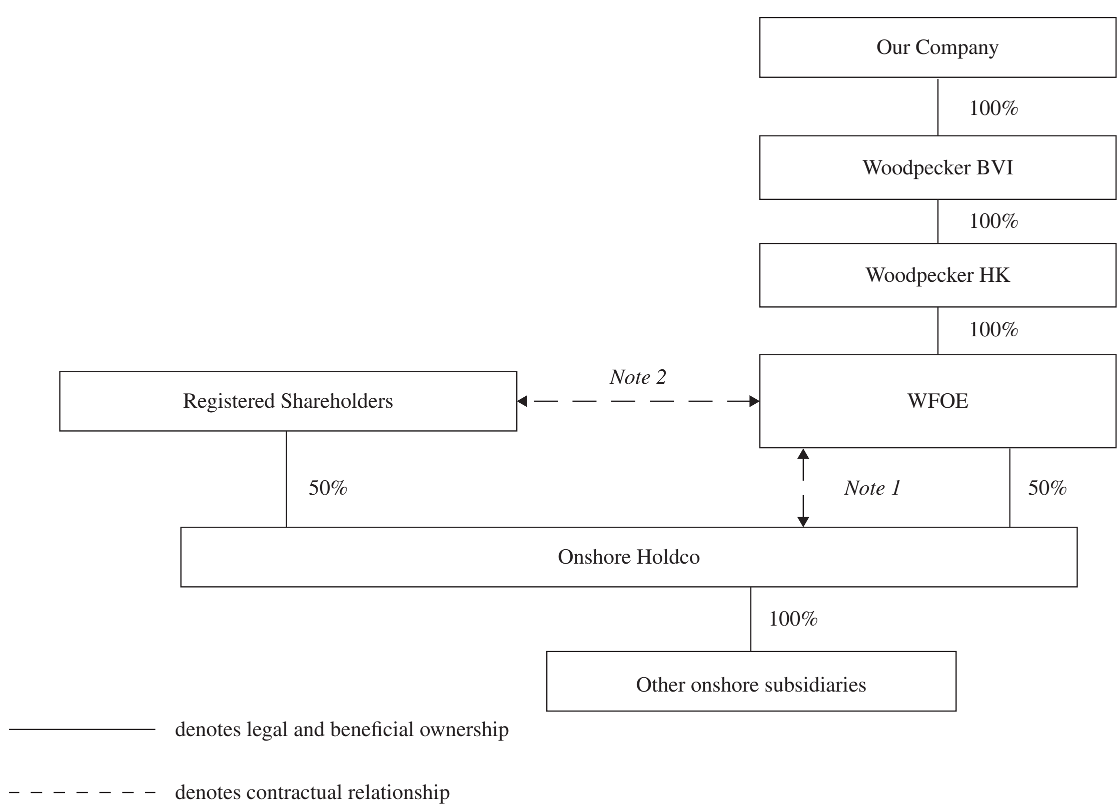
Mr. Wang, Ms. Wang, SHUNSHI Limited, SHUNSUI Limited, WGW INDIVIDUAL Holding Limited, WYH Holding Limited, WANGW Holding Limited and WANGYH Holding Limited, the Incentive Platforms and Chongqing Niuniao shall be regarded as a group of Controlling Shareholders. Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as our Controlling Shareholders upon [**REDACTED**]. See "Relationship with the Controlling Shareholders" for details.

PRE-[REDACTED] INVESTORS

We received several rounds of Pre-[**REDACTED**] Investments since the establishment of our Group. We have a broad and diverse base of Pre-[**REDACTED**] Investors, including Dream Landing Holdings Limited, China Dotman, Astrend, Tianjin Wuba Qianmo, Caixin Investment, Suzhou Shunwei, Tianjin Jinmi and Trend. See "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments."

CONTRACTUAL ARRANGEMENTS

Under the PRC laws and regulations, provision of repair and home maintenance platform services through our mobile apps, WeChat mini-app, online chatbot, phone calls, and websites involves the provision of value-added telecommunication service in the PRC, which is subject to foreign investment restrictions. In particular, such business falls under the scope of internet information services, a sub-category of value-added telecommunication service in the PRC, which are the restricted businesses under the Special Administrative Measures for Access of Foreign Investments (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》(2021年版)), or the Negative List, and foreign investors are restricted from holding more than 50% equity interests in companies providing such business. In light of the foreign investment restriction, in order to comply with PRC laws and regulations and maintain effective control over all of our operations as well as to obtain the maximum economic benefits of the Consolidated Affiliated Entities, a series of contractual arrangements have been entered into by, among others, Beijing Zhuo Guanjia Technology Co., Ltd. (the "WFOE"), Chongqing Woodpecker Network Technology Co., Ltd. (the "Onshore Holdco"), and the registered shareholders of the Onshore Holdco (the "Registered Shareholders"), on January 5, 2024 (the "Contractual Arrangements"). Through shareholdings and the Contractual Arrangements, we have maintained effective control over the financial and operational policies of the Consolidated Affiliated Entities and have become entitled to all the economic benefits from their operations. The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements.



Notes:

(1) The WFOE provides business support, technical and consulting services in exchange for service fees from the Onshore Holdco. See "Contractual Arrangements — Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Exclusive Business Cooperation Agreement."

(2) The Registered Shareholders executed the exclusive option agreement in favor of the WFOE, for the acquisition of all or part of the equity interests in the Onshore Holdco held by the Registered Shareholders and all or part of the assets in the Onshore Holdco. See "Contractual Arrangements — Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Exclusive Option Agreement."

The Registered Shareholders executed shareholders' rights entrustment agreement and the powers of attorney in favor of the WFOE, for the exercise of all shareholders' rights in the Onshore Holdco. See "Contractual Arrangements — Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Shareholders' Rights Entrustment Agreement and Powers of Attorney."

The Registered Shareholders granted security interests in favor of the WFOE, over the entire equity interests held by the Registered Shareholders in the Onshore Holdco. See "Contractual Arrangements — Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Share Pledge Agreement."

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

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

Selected Consolidated Income Statement Items

The following table sets forth selected information from our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue	401,360	100.0	594,561	100.0	1,010,993	100.0	429,315	100.0	622,801	100.0
Cost of services and sales	(78,301)	(19.5)	(110,314)	(18.6)	(159,828)	(15.8)	(71,396)	(16.6)	(123,106)	(19.8)
Gross profit	**323,059**	**80.5**	**484,247**	**81.4**	**851,165**	**84.2**	**357,919**	**83.4**	**499,695**	**80.2**

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Other income	2,788	0.7	8,222	1.4	11,255	1.1	3,828	0.9	7,439	1.2
Other gains and losses	2,966	0.8	1,796	0.4	4,107	0.5	3,206	0.7	(2,252)	(0.4)
Impairment gains (losses) under expected credit loss model, net of reversal	33	0.0	(42)	(0.0)	(67)	(0.0)	(59)	(0.0)	1	0.0
Selling and marketing expenses	(177,626)	(44.3)	(290,855)	(48.9)	(494,128)	(48.9)	(188,981)	(44.0)	(299,056)	(48.0)
Administrative expenses	(101,177)	(25.2)	(127,206)	(21.4)	(172,724)	(17.1)	(72,333)	(16.8)	(101,534)	(16.3)
Research and development expenses	(23,943)	(6.0)	(32,610)	(5.5)	(44,090)	(4.4)	(20,893)	(4.9)	(23,656)	(3.8)
Changes in fair value of financial liabilities at fair value through profit or loss	9,802	2.4	(36,642)	(6.2)	(82,382)	(8.1)	(33,527)	(7.8)	(22,732)	(3.6)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(443)	(0.1)	(437)	(0.1)	(560)	(0.1)	(228)	(0.1)	(376)	(0.1)
Share of results of associates	–	–	–	–	204	0.0	106	0.0	(162)	(0.0)
Profit before tax	35,459	8.8	6,473	1.1	60,561	6.0	49,038	11.4	46,321	7.4
Income tax expense	(2,028)	(0.5)	(269)	(0.1)	(11,691)	(1.2)	(7,504)	(1.7)	(7,440)	(1.2)
Profit and total comprehensive income for the year/period	**33,431**	**8.3**	**6,204**	**1.0**	**48,870**	**4.8**	**41,534**	**9.7**	**38,881**	**6.2**

Our revenue increased by 48.1% from RMB401.4 million in 2021 to RMB594.6 million in 2022, and further increased by 70.0% to RMB1.0 billion in 2023, primarily due to the increases in revenue from platform services and revenue from sales of products. Our revenue also increased by 45.1% from RMB429.3 million in the six months ended June 30, 2023 to RMB622.8 million in the six months ended June 30, 2024. This reflected the increased number of home maintenance and repair service orders completed through our platform as a result of the continual growth in technicians using our platform, as well as technicians' increased engagement to our platform, to complete transactions with consumers.

Our net profit slightly decreased from RMB41.5 million in the six months ended June 30, 2023 to RMB38.9 million in the six months ended June 30, 2024. Our net profit significantly increased from RMB6.2 million in 2022 to RMB48.9 million in 2023, because we achieved a rapid growth in our revenue while effectively enhancing our operational efficiency with a lower growth rate in costs and operating expenses. We had net profit of RMB6.2 million in 2022 as compared to that of RMB33.4 million in 2021, primarily due to the change in fair value of financial liabilities at fair value through profit or loss in line with the valuation of the paid-in capital with preferred rights of Chongqing Woodpecker.

Non-IFRS Measures

We believe that the presentation of non-IFRS measures facilitates comparisons of operating performance from period-to-period and company to company.

We define adjusted net profit (non-IFRS measure) as net profit for the year/period adjusted by adding back (i) changes in fair value of financial liabilities at fair value through profit or loss, (ii) [**REDACTED**] expenses, and (iii) share-based payment expense. Changes in fair value of financial liabilities at fair value through profit or loss are non-cash in nature and the redeemable convertible preferred shares will be automatically converted into ordinary shares upon completion of the proposed [**REDACTED**]. [**REDACTED**] expenses are expenses incurred related to the [**REDACTED**]. Share-based payment expense is non-cash in nature.

However, the use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRSs. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies and may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our adjusted net profit (non-IFRS measure) for the year/period to the profit for the year/period.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
			(RMB in thousands)		
				(Unaudited)	
Profit for the year/period	33,431	6,204	48,870	41,534	38,881
Adjusted for:					
Changes in fair value of financial liabilities at fair value through profit or loss	(9,802)	36,642	82,382	33,527	22,732
[**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Share-based payment expense	–	–	1,127	–	222
Non-IFRS measure: Adjusted net profit for the year/period	**23,629**	**42,846**	**144,598**	**75,061**	**72,881**

Our adjusted net profit (non-IFRS measure) decreased from RMB75.1 million in the six months ended June 30, 2023 to RMB72.9 million in the six months ended June 30, 2024, reflecting a slight decrease in our net profit from RMB41.5 million in the six months ended June 30, 2023 to RMB38.9 million in the six months ended June 30, 2024, which is adjusted by (i) a loss from changes in fair value of financial liabilities at fair value through profit or loss of RMB22.7 million in the six months ended June 30, 2024, as compared to a loss of RMB33.5 million in the six months ended June 30, 2023, as a result of the valuation fluctuation of Chongqing Woodpecker and our Company during the corresponding periods, (ii) [**REDACTED**] expenses of RMB[**REDACTED**] that we incurred in the six months ended June 30, 2024, in connection with the proposed [**REDACTED**] and the [**REDACTED**], and (iii) share-based payment expense of RMB222 thousand.

Our adjusted net profit (non-IFRS measure) increased from RMB42.8 million in 2022 to RMB144.6 million in 2023, reflecting a significant increase in our net profit from RMB6.2 million in 2022 to RMB48.9 million in 2023, which is adjusted by (i) a loss from changes in fair value of financial liabilities at fair value through profit or loss of RMB82.4 million in 2023 as compared to a loss of RMB36.6 million in 2022 as a result of the increased valuation of

Chongqing Woodpecker in 2023, (ii) [**REDACTED**] expenses of RMB[**REDACTED**] that we incurred in 2023 in connection with the proposed [**REDACTED**] and the [**REDACTED**], and (iii) share-based payment expense of RMB1.1 million.

Our adjusted net profit (non-IFRS measure) increased from RMB23.6 million in 2021 to RMB42.8 million in 2022, reflecting the adjustment to our net profit by a loss from changes in fair value of financial liabilities at fair value through profit or loss of RMB36.6 million in 2022 as a result of the increased valuation of Chongqing Woodpecker in 2022.

Selected Consolidated Balance Sheet Items

The following table sets forth selected information from our consolidated balance sheet as of the dates indicated:

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Total non-current assets	26,539	31,925	296,582	302,905
Total current assets	442,863	527,721	551,810	810,992
Total assets	**469,402**	**559,646**	**848,392**	**1,113,897**
Total non-current liabilities	232,770	268,228	356,026	9,889
Total current liabilities	96,377	144,959	295,893	867,982
Total liabilities	**329,147**	**413,187**	**651,919**	**877,871**
Net current assets (liabilities)	**346,486**	**382,762**	**255,917**	**(56,990)**
Net assets	**140,255**	**146,459**	**196,473**	**236,026**
Paid-in capital/share capital	31,430	31,430	31,447	45
Reserves	108,825	115,029	165,026	235,541
Non-controlling interests	–	–	–	440
Total equity	**140,255**	**146,459**	**196,473**	**236,026**

We recorded net current liabilities of RMB57.0 million as of June 30, 2024, as compared to net current assets of RMB255.9 million as of December 31, 2023, primarily due to (i) an increase of RMB595.2 million in financial liabilities at fair value through profit or loss, (ii) a decrease of RMB130.4 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB40.3 million in other payables, partially offset by (i) an increase of RMB372.0 million in cash and cash equivalents, and (ii) an increase of RMB12.8 million in prepayments, deposits and other receivables.

Our net current assets decreased from RMB382.8 million as of December 31, 2022 to RMB255.9 million as of December 31, 2023, primarily due to (i) a decrease of RMB182.5 million in financial assets at fair value through profit or loss, (ii) an increase of RMB76.2 million in other payables, and (iii) an increase of RMB70.0 million in other borrowing, partially offset by (i) an increase of RMB146.1 million in cash and cash equivalents, and (ii) an increase of RMB58.0 million in prepayments, deposits and other receivables.

Our net current assets increased from RMB346.5 million as of December 31, 2021 to RMB382.8 million as of December 31, 2022, primarily due to (i) an increase of RMB82.2 million in financial assets at fair value through profit or loss, and (ii) an increase of RMB51.6 million in prepayments, deposits and other receivables, partially offset by (i) a decrease of RMB46.2 million in cash and cash equivalents, (ii) an increase of RMB36.4 million in other payables, and (iii) an increase of RMB9.7 million in trade payables.

Our net assets increased from RMB196.5 million as of December 31, 2023 to RMB236.0 million as of June 30, 2024, primarily attributable to the profit and total comprehensive income of RMB38.9 million we recognized in the six months ended June 30, 2024. Our net assets increased from RMB146.5 million as of December 31, 2022 to RMB196.5 million as of December 31, 2023, primarily attributable to the profit and total comprehensive income of RMB48.9 million and share-based payments of RMB1.1 million we recognized for 2023. Our net assets increased from RMB140.3 million as of December 31, 2021 to RMB146.5 million as of December 31, 2022, attributable to the profit and total comprehensive income of RMB6.2 million we recognized for 2022.

Selected Consolidated Cash Flow Items

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

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(Unaudited)	
Net cash from operating activities	36,936	39,463	149,462	83,491	94,564
Net cash (used in) from investing activities	(209,666)	(78,194)	(64,176)	(35,203)	126,980
Net cash from (used in) financing activities	201,219	(7,442)	60,813	(4,595)	150,012
Net increase (decrease) in cash and cash equivalents	**28,489**	**(46,173)**	**146,099**	**43,693**	**371,556**

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(Unaudited)	
Cash and cash equivalents at beginning of the year/period	115,193	143,682	97,509	97,509	243,573
Effect of foreign exchange rate changes	–	–	(35)	–	428
Cash and cash equivalents at end of the year/period	**143,682**	**97,509**	**243,573**	**141,202**	**615,557**

Key Financial Ratios

The following table sets forth certain of our key financial ratios for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
				(Unaudited)	
Period-to-period revenue growth	N/A	48.1%	70.0%	N/A	45.1%
Net profit margin(1)	8.3%	1.0%	4.8%	9.7%	6.2%
Adjusted net margin (non-IFRS measure)(2)	5.9%	7.2%	14.3%	17.5%	11.7%

Notes:

(1) Net profit margin represents profit and total comprehensive income for the year/period as a percent of the total revenue for the year/period.

(2) Adjusted net margin (non-IFRS measure) represents adjusted net profit (non-IFRS measure) as a percent of the total revenue for the year/period. For the reconciliation of net profit and adjusted net profit (non-IFRS measure), see "Financial Information — Description of Major Comprehensive Income Line Items — Non-IFRS Measure."

[**REDACTED**]

[REDACTED] EXPENSES

Our [**REDACTED**] expenses mainly include [**REDACTED**], incentive fees, professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] expenses (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), representing [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. The estimated total [**REDACTED**] expenses consist of (i) [**REDACTED**]-related expenses (including but not limited to commissions and fees) of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), and (ii) non-[**REDACTED**] related expenses of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), and other fees and expenses of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million). The [**REDACTED**] expenses above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such estimate. In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, we incurred [**REDACTED**] expenses of [**REDACTED**], [**REDACTED**], RMB[**REDACTED**] million, [**REDACTED**] and RMB[**REDACTED**] million, respectively, which have been charged to our consolidated statements of profit and loss. We expect to incur additional [**REDACTED**] expenses of approximately RMB[**REDACTED**] million, of which RMB[**REDACTED**] million is expected to be charged to our consolidated statements of profit and loss and RMB[**REDACTED**] million is expected to be deducted from equity.

DIVIDEND

During the Track Record Period, we did not pay or declare any dividend. According to our dividend policy, the Articles of Association and applicable laws and regulations, the determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

As advised by our Cayman legal advisors, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting estimated [**REDACTED**] commissions, fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised.

We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to expand our service coverage by (i) diversifying our service categories, and (ii) extending the geographical reach of our new services;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for technician recruitment and empowerment;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to upgrade our digital platform;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to enhance our brand visibility and recognition;

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to pursue strategic partnerships, investments or acquisitions; and

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for working capital and general corporate purposes.

See "Future Plans and Use of [**REDACTED**]" for more details.

IMPACT OF THE COVID-19 PANDEMIC

In 2021 and 2022, various measures to control the spread of the COVID-19 pandemic limited the availability of technicians providing home maintenance and repair services in certain cities where we operated. The mobility of our partner technicians was impacted due to measures such as intercity travel restrictions and lockdowns, leading to their limited access to target household. In addition, due to consumer concerns about disease transmission by visitors, many families chose to tolerate appliance breakdowns and home facility deterioration, and maintenance or repair services were postponed. As a result, our GTV growth in the second half of 2022 was lower than expected and the execution of our marketing and branding plan was negatively impacted. With most control measures lifted by the end of 2022, the demand for our services significantly increased in the first half of 2023, leading to a rapid growth in the number of service orders.

The extent to which the pandemic impacts our results of operations going forward will depend on future developments which are highly uncertain and unpredictable, We cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For details, see "Financial Information — Impact of the COVID-19 Pandemic."

DATA PRIVACY AND PROTECTION

We are subject to laws and regulations relating to the collection, storage, use, processing, transmission, retention, security and transfer of personal information and other data in the PRC, including the Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) and the Data Security Law of the PRC (中華人民共和國數據安全法). For details, see "Regulatory Overview — Regulations on Internet Security and Privacy Protection." In order to effectively provide our services, we collect and use personal information. Such personal information includes consumers' phone numbers and service addresses, and technicians' names, phone numbers, identification numbers, and bank account information. We strictly limit the scope of personal information we collect to what is necessary for the operation of our platform. We are committed to the protection of data privacy and data security, placing utmost importance on compliance with relevant laws and regulations. For details of our data protection mechanisms and initiatives, see "Business — Data Privacy and Protection."

During the Track Record Period and up to the Latest Practicable Date, we had not received any material claim from any third party against us on the ground of infringement of such party's right to data protection as provided by applicable laws and regulations, and we did not experience any material information leakage or loss of the personal data of consumers and technicians.

OVERSEAS LISTING

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Administrative Measures") and relevant five guidelines, which came into force on March 31, 2023. According to the Trial Administrative Measures, PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC within three business days after such application is submitted.

Our PRC Legal Advisor is of the view that the [**REDACTED**] shall be deemed as an overseas [**REDACTED**] and [**REDACTED**] under the Trial Administrative Measures. Therefore, we are required to complete the filing procedures with the CSRC with respect to the [**REDACTED**] within the specified time limit. Pursuant to the Trial Administrative Measures, we have filed requisite materials with the CSRC with respect to the [**REDACTED**] within specified time limit on February 1, 2024, and the CSRC has accepted our application. As of the date of this Document, our filing with the CSRC is under review.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this Document, there had been no material adverse change in financial and [**REDACTED**] positions or prospects of our Group since June 30, 2024, being the date on which our latest audited consolidated financial statements as set out in Appendix I to this Document, and there had been no event since June 30, 2024 which would materially affect the information in the Accountants' Report set out in Appendix I to this Document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below. Certain technical terms are explained in "Glossary."

"Accountants' Report"	the accountants' report from the reporting accountants of the Company, Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this Document
"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council, the full-fledged independent auditor regulator of Hong Kong established under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
"Articles" or "Articles of Association"	the articles of association of the Company, adopted by the Shareholders on [●] and as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in Appendix IV to this Document
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors of the Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open to the public for normal banking business
"BVI"	the British Virgin Islands

[**REDACTED**]

"Cayman Companies Act" or "Companies Act"	the Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"China" or "the PRC"	the People's Republic of China, and for the purposes of this document only, except where the context requires otherwise, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan
"China Dotman"	China Dotman Co., Ltd. (北京掌上通網絡技術股份有限公司), a joint stock limited company established in the PRC on April 25, 2000
"Chongqing Benniao"	Chongqing Benniao Supply Chain Management Co., Ltd. (重慶笨鳥供應鏈管理有限公司), a limited liability company established in the PRC on April 22, 2020, which is wholly owned by Chongqing Woodpecker, one of our Consolidated Affiliated Entities
"Chongqing Incentive Platform(s)"	the incentive platforms established to incentivize employees and other key stakeholders, namely Chongqing Yuzhuoxing, Chongqing Zhuojinke, Chongqing Zhuojinren, Chongqing Zhuojinniao, Chongqing Zhuojintoo, Chongqing Zhuojingui, and Chongqing Zhuojintu, as defined below
"Chongqing Niuniao"	Chongqing Niuniao Technology Co., Ltd. (重慶牛鳥科技有限公司), a limited liability company established in the PRC on October 20, 2023, one of our Controlling Shareholders
"Chongqing Woodpecker" or "Onshore Holdco"	Chongqing Woodpecker Network Technology Co., Ltd. (重慶啄木鳥網絡科技有限公司), a limited liability company established in the PRC on December 3, 2014, one of our Consolidated Affiliated Entities
"Chongqing Yuzhuoxing"	Chongqing Yuzhuoxing Enterprise Management Center (Limited Partnership) (重慶與啄行企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on October 16, 2023 and one of the Chongqing Incentive Platforms

"Chongqing Zhuojingui"	Chongqing Zhuojingui Enterprise Management Center (Limited Partnership) (重慶啄金癸企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on July 17, 2023 and one of the Chongqing Incentive Platforms
"Chongqing Zhuojinke"	Chongqing Zhuojinke Enterprise Management Center (Limited Partnership) (重慶啄金客企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on May 31, 2016 and one of the Chongqing Incentive Platforms
"Chongqing Zhuojinniao"	Chongqing Zhuojinniao Enterprise Management Center (Limited Partnership) (重慶啄金鳥企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on September 12, 2017 and one of the Chongqing Incentive Platforms
"Chongqing Zhuojinren"	Chongqing Zhuojinren Enterprise Management Consulting Center (Limited Partnership) (重慶啄金人企業管理咨詢中心(有限合夥)), a limited partnership established under the laws of the PRC on March 15, 2016 and one of the Chongqing Incentive Platforms
"Chongqing Zhuojintoo"	Chongqing Zhuojintoo Enterprise Management Center (Limited Partnership) (重慶啄金兔企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on September 30, 2020 and one of the Chongqing Incentive Platforms
"Chongqing Zhuojintu"	Chongqing Zhuojintu Enterprise Management Center (Limited Partnership) (重慶啄金土企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on July 14, 2023 and one of the Chongqing Incentive Platforms
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company"	Woodpecker International INC (啄木鳥維修國際有限公司), an exempted company incorporated with limited liability in the Cayman Islands on September 11, 2023
"Compliance Adviser"	Altus Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Conversion"	conversion of each Preferred Share to an Ordinary Share on a one-to-one basis
"Consolidated Affiliated Entity(ies)"	the entities we control through the Contractual Arrangements, being Chongqing Woodpecker and its subsidiaries, details of which are set out in "History, Reorganization and Corporate Structure"
"Contractual Arrangement(s)"	the series of contractual arrangements entered into by, among others, WFOE, Chongqing Woodpecker and the Registered Shareholders, details of which are set out in "Contractual Arrangements"
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Mr. Wang, Ms. Wang, SHUNSHI Limited, SHUNSUI Limited, WGW INDIVIDUAL Holding Limited, WYH Holding Limited, WANGW Holding Limited and WANGYH Holding Limited, the Incentive Platforms and Chongqing Niuniao
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company

"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
"Exchange Participant"	has the meaning ascribed to it under the Listing Rules
"Extreme Condition(s)"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong

[**REDACTED**]

"Foreign Investment Law"	the PRC Foreign Investment Law (《中華人民共和國外商投資法》), as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"Governmental Authority(ies)"	any governmental, regulatory, or administrative commission, board, body, authority, or agency, or any stock exchange, self-regulatory organization, or other non-governmental regulatory authority, or any court, judicial body, tribunal, or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic, foreign, or supranational
"Group," "our Group," "the Group," "we," "us," or "our"	the Company, its subsidiaries and the Consolidated Affiliated Entities from time to time, including where the context otherwise requires, any companies and businesses transferred to the Group as part of the Reorganization (as the case may be)
"HK" or "Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"HK$" or "Hong Kong dollars" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

[**REDACTED**]

"Hong Kong Takeovers Code" or "Takeovers Code"	Code on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

[**REDACTED**]

"IFRS" or "IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Incentive Platform(s)"	the incentive platforms of the Group, namely, the Tianjin Incentive Platforms and the Chongqing Incentive Platforms
"Independent Third Party(ies)"	any entity or person who is not a connected person of the Company or an associate of such person within the meaning ascribed to it under the Listing Rules

[**REDACTED**]

[**REDACTED**]

"Latest Practicable Date"	September 20, 2024, being the latest practicable date for ascertaining certain information in this document before its publication

"Laws"	all laws, statutes, legislation, ordinances, rules, regulations, guidelines, opinions, notices, circulars, orders, judgments, decrees, or rulings of any Governmental Authority (including, without limitation, the Stock Exchange and the SFC) of all relevant jurisdictions

[**REDACTED**]

"Listing Committee"	the Listing Committee of the Stock Exchange

[**REDACTED**]

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"M&A Rules"	the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of the Company, adopted by the Shareholders on [●] and, as amended from time to time, a summary of which is set forth in Appendix IV to this document
"MIIT"	Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部) (formerly known as the Ministry of Information Industry)
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)

"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Wang"	Mr. Wang Guowei (王國偉), the chairman of the Board, an executive Director, chief executive officer of the Company and one of the Controlling Shareholders
"Mr. Zhu"	Mr. Zhu Hongkun (朱紅坤), an executive Director and president of our Company
"Ms. Wang"	Ms. Wang Yuhua (王玉華), the sister of Mr. Wang and one of our Controlling Shareholders
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Nomination Committee"	the nomination committee of the Board
"NPC"	National People's Congress (全國人民代表大會)

[**REDACTED**]

[**REDACTED**]

"PBOC"	the People's Bank of China (中國人民銀行)
"PRC Government"	the central government of the PRC, including all governmental subdivisions (including principal, municipal and other regional or local government entities) and instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisor"	Shihui Partners, our legal advisor on PRC law
"Preferred Shares"	Series A Preferred Share(s), Series B Preferred Share(s), Series B+ Preferred Share(s) and Series C Preferred Share(s)
"Pre-[**REDACTED**] Investment(s)"	the investments in the Company undertaken by the Pre-[**REDACTED**] Investors pursuant to the definitive agreements, as applicable, prior to this [**REDACTED**], the details of which are set out in "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investment"
"Pre-[**REDACTED**] Investor(s)"	the investors as set out in "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors"

[**REDACTED**]

[**REDACTED**]

"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Registered Shareholders"	The registered shareholders of the Onshore Holdco, namely Mr. Wang, Ms. Wang and Mr. Zhu
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reorganization"	the corporate reorganization of the Group in preparation for the [**REDACTED**], particulars of which are set out in "History, Reorganization and Corporate Structure"
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	State Administration of Foreign Exchange of China (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局), which has been merged into SAMR
"SAMR"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"SAT"	State Taxation Administration of the PRC (國家稅務總局)

"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Series A Financing"	one of the Pre-[**REDACTED**] Investments, the details of which are set out in "History, Reorganization and Corporate Structure — Major Corporate Developments of Our Group — Chongqing Woodpecker — (ii) Early Corporate Development Before 2021 — Series A Financing"
"Series A Investors"	the investors who participated in the Series A Financing, the details of which are set out in "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments"
"Series A Preferred Share(s)"	the series A preferred share(s) of our Company with a par value of US$0.0001 per share as of the Latest Practicable Date, or the series A preferred share(s) of our Company with a par value of US$[**REDACTED**] per share in the authorized share capital of our Company following the [**REDACTED**], details of which are described in the section headed "History, Reorganization and Corporate Structure"
"Series B Financing"	one of the Pre-[**REDACTED**] Investments, the details of which are set out in "History, Reorganization and Corporate Structure — Major Corporate Developments of Our Group — Chongqing Woodpecker — (ii) Early Corporate Development Before 2021 — Transfer to and Subscription by Chongqing Zhuojintoo, Transfer to Ms. Wang and Series B Financing"
"Series B Investors"	the investors who participated in the Series B Financing, the details of which are set out in "History, Reorganization and Corporate Structure — Pre-[**REDACTED**] Investments"

"Series B Preferred Share(s)"	the series B preferred share(s) of our Company with a par value of US$0.0001 per share as of the Latest Practicable Date, or the series B preferred share(s) of our Company with a par value of US$[**REDACTED**] per share in the authorized share capital of our Company following the [**REDACTED**], details of which are described in the section headed "History, Reorganization and Corporate Structure"
"Series B+ Financing"	one of the Pre-[**REDACTED**] Investments, the details of which are set out in "History, Reorganization and Corporate Structure — Major Corporate Developments of Our Group — Chongqing Woodpecker — (iii) Series B+ Financing"
"Series B+ Investors"	the investors who participated in the Series B+ Financing, the details of which are set out in "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors"
"Series B+ Preferred Share(s)"	the series B+ preferred share(s) of our Company with a par value of US$0.0001 per share as of the Latest Practicable Date, or the series B+ preferred share(s) of our Company with a par value of US$[**REDACTED**] per share in the authorized share capital of our Company following the [**REDACTED**], details of which are described in the section headed "History, Reorganization and Corporate Structure"
"Series C Financing"	one of the Pre-[**REDACTED**] Investments, the details of which are set out in "History, Reorganization and Corporate Structure — Major Corporate Developments of Our Group — Chongqing Woodpecker — (iv) Series C Financing"
"Series C Investors"	the investors who participated in the Series C Financing, the details of which are set out in "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors"

"Series C Preferred Share(s)"	the series C preferred share(s) of our Company with a par value of US$0.0001 per share as of the Latest Practicable Date, or the series C preferred share(s) of our Company with a par value of US$[**REDACTED**] per share in the authorized share capital of our Company following the [**REDACTED**], details of which are described in the section headed "History, Reorganization and Corporate Structure"
"SFC"	Securities and Futures Commission of Hong Kong
"Share(s)" or "Ordinary Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$[**REDACTED**] each following the [**REDACTED**] and the Conversion

[**REDACTED**]

"Shareholder(s)"	holder(s) of the Share(s)

[**REDACTED**]

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-back issued by the SFC, as amended, supplemented or otherwise modified from time to time

"Tianjin Incentive Platform(s)"	the incentive platforms established to incentivize employees and key stakeholders of our Group, namely Tianjin Yuzhuoxing, Tianjin Zhuojinke, Tianjin Zhuojinniao, Tianjin Zhuojintoo, Tianjin Zhuojinren, Tianjin Zhuojintu, and Tianjin Zhuojinxiang, as defined below
"Tianjin Yuzhuoxing"	Tianjin Yuzhuoxing Enterprise Management Center (Limited Partnership) (天津與啄行企業管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms
"Tianjin Zhuojinke"	Tianjin Zhuojinke Enterprise Management Center (Limited Partnership) 天津啄金客企業管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms
"Tianjin Zhuojinniao"	Tianjin Zhuojinniao Enterprise Management Center (Limited Partnership) (天津啄金鳥企業管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms
"Tianjin Zhuojinren"	Tianjin Zhuojinren Enterprise Management Consulting Center (Limited Partnership) (天津啄金人企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms
"Tianjin Zhuojintoo"	Tianjin Zhuojintoo Enterprise Management Center (Limited Partnership) (天津啄金兔企業管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms
"Tianjin Zhuojintu"	Tianjin Zhuojintu Enterprise Management Center (Limited Partnership) (天津啄金土企業管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms

"Tianjin Zhuojinxiang"	Tianjin Zhuojinxiang Enterprise Management Center (Limited Partnership) (天津啄金象企業管理中心(有限合夥)), a limited partnership established in the PRC on November 2, 2023 and one of the Tianjin Incentive Platforms
"Track Record Period"	the periods comprising the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024
"U.S." or "United States"	United States of America, its territories, its possessions, and all areas subject to its jurisdiction
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Persons"	U.S. persons as defined in Regulation S
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

[**REDACTED**]

"VAT"	value-added tax
"WFOE"	Beijing Zhuo Guanjia Technology Co., Ltd. (北京啄管家科技有限公司), a limited liability company incorporated in the PRC on November 10, 2023

[**REDACTED**]

"Woodpecker BVI"	Woodpecker Maintenance Holding Limited, a British Virgin Islands company incorporated on September 21, 2023, as a direct wholly-owned subsidiary of our Company
"Woodpecker HK"	Woodpecker Household Maintenance (Hong Kong) Limited, a private company established under the laws of Hong Kong on October 10, 2023, as a direct wholly-owned subsidiary of Woodpecker BVI
"%"	per cent

Unless otherwise specified, all references in this Document to any shareholdings in our Company following the completion of the Conversion, the [**REDACTED**] *and the* [**REDACTED**] *assume that the* [**REDACTED**] *is not exercised.*

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

Certain amounts and percentage figures included in this document have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

This glossary contains definitions of certain technical terms used in this Document in connection with our Company. Such terms and their meanings may not correspond to standard industry definitions or usage.

"active technicians"	partner technicians who fulfilled at least one service order on our platform during a given period
"aggregation platforms"	platforms that provide traffic acquisition services and/or order facilitation services to diverse service providers and vertical platforms
"AI" or "artificial intelligence"	an area of computer science that focuses on simulating human intelligence by machines
"algorithm"	a procedure or formula for solving a problem, based on conducting a sequence of specific actions, especially by a computer
"app" or "mobile app"	application software designed to run on smart phones and other mobile devices
"BI"	business intelligence, a procedural and technical infrastructure that collects, stores, and analyzes the data produced by the activities of an organization
"big data analytics"	the use of advanced analytic techniques against very large and diverse data sets, which greatly exceed the capabilities of traditional database software tools in terms of data collection and analysis, to uncover hidden patterns, unknown correlations, market trends, consumer preferences and other useful information that can help organizations make more informed business decisions
"CAGR"	compound annual growth rate
"cloud"	a model enabling ubiquitous, convenient, and on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, data storage, computing power, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction

"consumer electronics"	personal use electronic devices like smartphones, personal computer and camera
"data lakehouse"	a modern data architecture that combines features of data lakes and data warehouses, providing a unified platform for storing and analyzing both raw, unstructured data and structured data
"data lakes"	a centralized repository for storing large volumes of raw, unstructured, and structured data in its native format, facilitating flexible and scalable data storage and analysis
"data warehouse"	a structured storage system optimized for querying and analysis, providing a centralized repository for organized and processed data
"direct-administered municipalities"	Beijing, Shanghai, Tianjin, and Chongqing
"e-commerce"	electronic commerce, it refers to the buying and selling of goods, services, and information over the internet
"first- and second-tier cities"	Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Shijiazhuang, Taiyuan, Hohhot, Shenyang, Dalian, Changchun, Harbin, Nanjing, Hangzhou, Ningbo, Hefei, Fuzhou, Xiamen, Nanchang, Jinan, Qingdao, Zhengzhou, Wuhan, Changsha, Nanning, Haikou, Chongqing, Chengdu, Guiyang, Kunming, Xi'an, Lanzhou, Xining, Yinchuan and Urumqi
"GTV"	gross transaction volume, representing the total amount paid by consumers for the service orders completed through our platform (including the amounts paid for spare parts, materials and home appliances that are used or installed by technicians during their services), after giving effect to refunds and without deducting any commission charged on service orders and the value-added tax
"home appliances"	electric or mechanical devices for household use, such as refrigerators, washing machines, and microwaves, designed to enhance convenience and efficiency in daily tasks

"home facilities"	various amenities and features within a residence, including infrastructure, utilities, and services that contribute to its functionality and comfort
"IT"	information technology
"KPIs"	key performance indicators, they are measurable metrics used to assess performance and gauge success in achieving specific goals for businesses, organizations, or individuals
"machine learning"	the study of computer algorithms that improves automatically through experience which is seen as a subset of artificial intelligence
"major appliances"	large electric or mechanical devices designed for household use, such as television, home laundry appliances and dishwasher
"server"	a computer system that provides services to other computing systems over a computer network
"small home appliances"	compact electric or mechanical devices for household use, such as cleaning robot, vacuum cleaner, and coffee maker
"software"	any set of machine-readable instructions that directs a computer's processor to perform specific operations
"SOP"	standard operating procedure, it refers to a set of step-by-step instructions or guidelines established by an organization to ensure consistent and standardized execution of routine processes and operations
"technician"	a professional possessing specialized knowledge and skills in home maintenance and repair
"consumer"	a consumer that receives home maintenance and repair services fulfilled by technicians through our platform

FORWARD-LOOKING STATEMENTS

This document contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, beliefs, expectations, intentions or predictions for the future. The actual results or outcomes may differ materially from those expressed or implied in the forward-looking statements. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "aim," "anticipate," "aspire," "believe," "continue," "could," "estimate," "expect," "forecast," "goals," "intend," "may," "objective," "ought to," "outlook," "plan," "potential," "project," "schedules," "seek," "should," "target," "vision," "will," "would" and other similar terms. Forward-looking statements reflect the current views of our Directors with respect to future events, operations, liquidity and capital resources. Some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this document, some of which are beyond our control and may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

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

- our operations and business prospects;
- our business and operating strategies and our ability to implement such strategies;
- our future business development, financial condition and results of operations;
- our ability to develop and manage our operations and business;
- our ability to control costs and expenses;
- our expectations regarding demand for and market acceptance of our products and services;
- our expectations regarding our relationships with consumers, technicians, suppliers and other partners to conduct our business;
- our planned use of [**REDACTED**];
- future developments, trends and competitive landscape in the industries and markets in which we operate or plan to operate;
- relevant government policies and regulations relating to our industry; and
- all other risks and uncertainties described in "Risk Factors."

By their nature, certain disclosures relating to these and other risks are only estimates. Should one or more of these risks or uncertainties, among others, materialize, or should the underlying assumptions prove to be incorrect, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Accordingly, you should not place undue reliance on any forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made. Except as required by applicable laws, rules and regulations, including the Listing Rules, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. Statements of, or references to, our intentions or those of any of our Directors are made as of the date of this document. Any such intentions may change in light of future developments.

All forward-looking statements in this document are expressly qualified by reference to this cautionary statement.

An [**REDACTED**] *in the Shares involves various risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [**REDACTED**] *in the Shares. The following is a description of what we consider to be our material risks. Any of the following risks could materially and adversely affect our business, financial condition, and results of operations. The* [**REDACTED**] *of the Shares could significantly decrease due to any of these risks, and you may lose all or part of your* [**REDACTED**].

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

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

If we are unable to attract and retain technicians on our Woodpecker platform, our platform will become less appealing to consumers, and our business, results of operations and financial condition may be materially and adversely impacted.

Our business relies on technicians on our platform who provide home maintenance and repair services to our consumers. Our ability to attract and retain technicians depends on a number of factors, including but not limited to:

- the volume and quality of service orders available on our platform;
- the stream of income technicians earn on our platform;
- the effectiveness of our efforts to recruit technicians;
- our ability to provide diversified and high-quality training programs;
- our ability to maintain, protect and enhance our brand; and
- the competition for technicians with various market participants.

We cannot assure you that we will be able to continue to recruit, train and retain a sufficient number of technicians on our platform in the future. Failure to do so will have a material adverse effect on our business, financial condition and results of operations.

If we are unable to attract consumers to transact on our Woodpecker platform, our business, results of operations and financial condition may be materially and adversely impacted.

Our success depends significantly on our ability to attract consumers to transact on our platform. If consumers choose to use other service platforms, we may not generate sufficient opportunities for technicians to earn a competitive income, which in turn may lead to a reduction in the number of technicians on our platform, ultimately affecting the quality of services provided to consumers on our platform and further reducing consumer acceptance of our platform. Our ability to attract consumers depends on a number of factors, including but not limited to:

- the types of home maintenance and repair services available on our platform;
- the geographical coverage of our service;
- our ability to maintain market leadership and brand recognition;
- the efficiency of technician dispatching;
- the quality of services provided by technicians on our platform; and
- the effectiveness of our marketing and branding efforts.

Consumers' willingness to use our platform may be adversely affected by a number of factors, some of which are beyond our control, including (i) negative publicity related to our brand; (ii) dissatisfaction with our services such as the efficiency, pricing, quality of service provided by technicians and quality of our consumer support; and (iii) the adequacy and effectiveness of our safety measures and emergency responses. If we cannot attract new consumers or retain existing consumers in an efficient manner, our business, results of operations and financial condition may be adversely affected.

There could be adverse legal, tax and other consequences if technicians who fulfill orders placed by consumers online were to be classified as our employees or dispatched employees.

We provide platform services facilitating transactions between technicians on our platform with consumers relating to home maintenance and repair services. Based on our agreements with technicians and consumers and the processes of matching technicians and consumers through our platform, we are of the view that technicians on our platform are not our employees or dispatched employees. Our PRC Legal Advisor is of the view that the risk that partner technicians on our platform will be deemed as our employees or dispatched employees by PRC government authorities is remote. For details, see "Business — Technicians on Our *Woodpecker* Platform — Our Relationship with Technicians."

Nevertheless, we cannot guarantee that our view regarding our relationship with technicians on our platform from the employment and labor law perspective will not be challenged by any governmental authorities. In addition, we may fail to defend our view of the relationship between technicians and us if the laws, regulations and policies on labor and employment applicable to the home maintenance and repair industry further evolve in the future. Defense against or settlement with government investigations or legal proceedings relating to the existence of employment or labor relationship with technicians would be both costly and time-consuming, and could significantly divert the efforts and resources of our management. Any adverse determination in any such investigations or proceedings could subject us to significant liability or obligations as an employer. Such obligations include, among others, making social insurance and housing provident funds contribution, complying with minimum wage and overtime requirements, providing annual leaves, withholding individual income tax, unionizing and collective bargaining and bearing liability on work done and damages by these technicians and personal safety of technicians, which could significantly increase our labor costs and adversely affect our financial condition and results of operations. Furthermore, the costs associated with defending, settling, or resolving pending and future government investigations and challenges or legal proceedings relating to the non-employee status of technicians could be material to our business. In addition, if technicians are deemed as our employees, our financial statements may be significantly impacted. In particular, revenue will be recognized on a gross basis, with the portion allocated to technicians recorded as staff costs on the statements of profit or loss and other comprehensive income. Additionally, there will be an increase in the expenses of social insurance and housing provident funds for technicians, as well as an increase in the VAT due to the change of the payment basis from net revenue to gross revenue.

Certain technicians on our platform did not hold the requisite qualifications in performing their services.

According to the PRC Work Safety Law (《中華人民共和國安全生產法》), special operation personnel within an operational entity must complete specialized training for safe operations and obtain relevant qualifications before commencing such special operation work. Additionally, operational entities are not allowed to subcontract projects or lease operational sites or equipment to entities or individuals that do not meet the conditions for safe production or operation or lack the requisite qualifications. To the best of our knowledge, based on the categories of home maintenance and repair services offered through our platform during the Track Record Period and the customary processes and operations for those services, low-voltage electrical work and work at height are the two special operation work that technicians typically undertake. In rare cases, technicians may be required to obtain the qualifications for installation and repair of large and medium sized refrigeration and air conditioning equipment. Based on applicable laws and regulations, as a platform services provider, we believe that technicians on our platform shall not be deemed as our "special operation personnel" under the PRC Work Safety Law, and the platform services we provide shall not constitute "subcontracting projects or leasing operational sites or equipment" to technicians.

Pursuant to the standard agreement we enter with technicians before they are allowed to take orders through our platform, we require them to obtain requisite qualifications for special operation work. Nevertheless, during the Track Record Period, certain technicians did not follow such requirement and undertook these work through our platform without the requisite qualifications. In 2021, 2022 and 2023, and the six months ended June 30, 2024, service orders facilitated through our platform for low-voltage electrical work and work at height undertaken by technicians who might not have the requisite qualification amounted to 4.4%, 4.4%, 2.3% and 2.2% of our total service orders, respectively, contributing to approximately 5.7%, 5.6%, 3.4% and 3.1% of our total GTV during the respective period.

Further, we have formulated a comprehensive plan to implement stringent internal control policies and procedures to ensure all technicians who engage in special operation work for the orders on our platform possess the requisite certificates, and we expect to fully implement such measures prior to the [**REDACTED**]. For details, see "Business — Technicians on Our Woodpecker Platform — Technicians Engaging in Special Operation Work." However, there is no guarantee that these measures, once implemented, will be effective in all aspects, or that they will be deemed adequate by relevant governmental authorities, which could potentially lead to administrative investigation or penalties, or lawsuits filed against us by consumers or other parties. In addition, due to the complexity of legal requirements as well as variations in regional enforcement, there can be no assurance that relevant authorities will not take a contrary view and hold us liable for technicians' failure to obtain the requisite qualifications for the work to be conducted in connection with service orders on our platform. Any of the foregoing may subject us to potential regulatory penalties and fines, in particular in cases of work safety incidents. Furthermore, there may also be subsequent negative publicity associated with litigation, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, our reputation and brand could be significantly harmed. During the Track Record Period, we were fined in three work safety incidents involving special operation work conducted by technicians without requisite qualifications while providing services to consumers on our platform. The three work safety incidents took place when the three technicians fulfilled orders involving low-voltage electrical work or work at height. Since they did not possess requisite qualifications and the orders they took were facilitated by our platform, the competent authorities imposed fine on us while handling the aforementioned accidents. We were subject to fines with a total amount of RMB160,000 in these three incidents. These instances did not materially impact our business or results of operations. Except for the foregoing instances, during the Track Record Period and up to the Latest Practicable Date, we had not been the subject of any other administrative investigations or penalties of similar nature. However, we cannot assure you that similar instances in the future would not have a material and adverse impact on our business, brand, results of operations, and financial condition.

The home maintenance and repair industry is highly competitive, and we may be unable to compete effectively.

The home maintenance and repair industry in China is becoming increasingly competitive. We expect competition to continue, both from current competitors and new entrants in the market that may be well-established and enjoy greater resources or other strategic advantages. If we are unable to anticipate or react to these competitive challenges, our competitive position may weaken, or fail to improve, which may materially and adversely affect our results of operations and financial condition.

Certain of our competitors may have greater financial, technical, marketing, research and development, and other resources, greater brand recognition, longer operating histories or a larger consumer base than we do. They may be able to devote greater resources to sales and marketing to offer lower prices than we do, which may adversely affect our results of operations. Furthermore, they may have greater resources to deploy for the research, development and commercialization of new technologies, and hence provide more appealing service options. In addition, our competitors in certain geographic markets may enjoy competitive advantages such as greater brand recognition, longer operating histories and better localized knowledge. As a result, such competitors may be able to respond more quickly and effectively than us in such market to new or changing opportunities, or consumer preferences, which may render our offerings less attractive.

In recent years, aggregation platforms with strong user traffic have gained rising significance in the digital economy by enhancing efficiency and convenience for consumers in accessing services and goods. We cooperate with certain major aggregation platforms operating search engines or mobile apps, such as Meituan (美團), Baidu (百度) and Toutiao (頭條). Our cooperation with aggregation platforms helps reduce operational costs and expand market share. Nevertheless, these aggregation platforms could pose significant competition if they were to carry out home maintenance and repair services platform business themselves. For more details, see "— We collaborate with certain aggregation platforms to attract user traffic to our Woodpecker platform and/or obtain a significant number of orders. Any disruption in our collaboration with these aggregation platforms may significantly reduce the number of orders that we can serve" and "Business — Our Woodpecker Platform — Our Collaboration with Aggregation Platforms." Furthermore, our current and potential competitors may also establish cooperative or strategic relationships among themselves or with third parties that may further enhance their resources and offerings.

Increased competition in the home maintenance and repair industry in China could make it difficult for us to retain existing consumers and technicians and attract new ones, which in turn could lead to a decrease in our revenue and an increase in our costs and expenses. We cannot assure you that we will be able to compete successfully against our current or future competitors. Any failure to compete effectively in the home maintenance and repair industry in China would have a material adverse effect on our business, financial condition and results of operations.

Our failure to offer satisfactory experience to consumers and technicians may harm our relationship with them and materially and adversely affect our business, results of operations and financial condition.

The success of our business hinges on our ability to provide a quality experience to consumers and technicians, which in turn depends on a variety of factors. These factors include our ability to provide a convenient and efficient platform to connect consumers and technicians, broaden service offerings on our platform, and enhance our partner technicians' service quality. If our partner technicians fail to follow our service standards to provide quality services to consumers, or we fail to match technicians with service orders in a convenient and efficient way or fail to meet technicians' expectations for quality training or income opportunities, our reputation and the loyalty of consumers or technicians could be adversely affected.

We cannot assure you that we can continue to provide a satisfactory experience to consumers and technicians as our business continues to evolve. If we are unable to adapt in a cost-effective and timely manner in response to changing market conditions or consumer preferences, whether for technical, legal, financial or other reasons, consumers and technicians may choose other home maintenance and repair platforms over our platform, which could adversely and materially impact our reputation, business, results of operations and financial position.

We collaborate with certain aggregation platforms to attract user traffic to our Woodpecker platform and/or obtain a significant number of orders. Any disruption in our collaboration with these aggregation platforms may significantly reduce the number of orders that we can serve.

We collaborate with aggregation platforms, primarily including major online platforms operating search engines and mobile apps with robust traffic, to use two types of their services: (i) traffic acquisition services which can generate sales leads for us, and (ii) platform services which distribute consumers' home maintenance and repair orders on their platforms to us. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the orders fulfilled through our platform that were converted from leads obtained through aggregation platforms' traffic acquisition services accounted for 64.1%, 61.5%, 62.8% and 64.6% of our platform's total GTV, respectively; and the orders fulfilled through our platform that were received from the aggregation platforms accounted for 10.9%, 6.1%, 3.7% and 2.3% of our platform's total GTV, respectively. For more details, see "Business — Our Woodpecker Platform — Our Collaboration with Aggregation Platforms."

The market of aggregation platforms may become more concentrated. If we can only choose from a small number of aggregation platforms that are able to provide the consumer traffic facilitation services that we require, we may have to accept unfavorable terms due to limited bargaining power. Furthermore, any disruption in our collaboration with these aggregation platforms may significantly reduce the number of orders that we can serve, and we cannot assure you that we would be able to find alternative aggregation platforms on terms that are acceptable to us on a timely basis, or at all.

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

We have experienced rapid growth in recent years. However, we cannot assure you that we will be able to maintain our historical growth rates in the future. Our growth may slow down due to a few reasons, including but not limited to potential changes in demand for our services, market saturation, increasing competition, emergence of alternative business models, changes in government policies, increasing compliance costs, declining growth of home maintenance and repair industry in China, or changes in general economic conditions in China. If our growth rates slow or decline, [**REDACTED**]' perceptions of our business and prospects may be adversely affected and the [**REDACTED**] of our Shares could decline.

We cannot assure you that we will be able to effectively manage our future growth. We intend to achieve growth by expanding our service offerings, further building our proprietary brand, enlarging consumer and technician base, and continuing to invest in technology. We cannot assure you that our growth initiatives will succeed. In addition, our rapid growth has placed, and may continue to place significant demands on our management and our technology systems, as well as our administrative, operational and financial systems. Our ability to manage our growth effectively and to integrate new technologies and participants into our existing business will also require us to continue to implement a variety of new and upgraded managerial, operational, technological and financial systems, procedures and controls. If we are not able to effectively manage the growth of our business and operations or execute our strategies effectively, our expansion may not be successful, and our business and prospects may be materially and adversely affected.

Growth of our business will depend on our brand, and any failure to maintain, protect and enhance our brand would limit our ability to retain or expand our network of consumers and technicians, which would materially and adversely affect our business, financial condition and results of operations.

The recognition and image of our brand and the successful maintenance and enhancement of our brand and reputation have contributed, and will continue to contribute, to our success and growth. Any negative perception and publicity about us, our Controlling Shareholders, Directors, senior management, affiliates, employees, business partners and the services we provide, whether justified or not, could tarnish our reputation and reduce the value of our brand. In addition, our competitors may fabricate complaints or negative publicity about us. With the increased use of social media, negative publicity can be disseminated quickly and broadly, making it increasingly difficult for us to respond and mitigate effectively. Moreover, we are subject to negative publicity about technicians using our platform, whose activities could be beyond of our control. Negative public perception that technicians on our platform do not provide satisfactory services, even if factually incorrect or based on isolated incidents, could undermine the trust and credibility we have established and adversely impact our ability to attract and retain consumers.

Further, our marketing and branding efforts to grow our business may not be successful or cost-effective. Our selling and marketing expenses were RMB177.6 million, RMB290.9 million, RMB494.1 million, RMB189.0 million and RMB299.1 million in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively, representing 44.3%, 48.9%, 48.9%, 44.0% and 48.0% of our total revenue in the same periods, respectively. Our marketing initiatives may become increasingly costly, and we cannot guarantee that such investment will continue to generate ideal returns. We also cannot assure you that our marketing efforts will always be successful in promoting public awareness of our offerings, expanding our consumer and technician base and increasing transaction volume on our platform, or that we are able to effectively manage our marketing expenses in the future. Any of the foregoing risks could materially and adversely affect our business, results of operations and financial condition.

If we are unable to develop or manage new or upgraded solutions or technologies that are well accepted by the market, our business, results of operations, financial condition and prospects may be adversely affected.

We pioneered in digitalizing China's home maintenance and repair industry, driving a digital, standardized and platform-based transformation. Through our platform, we have implemented a series of digitalization standards on transaction processes, service quality and data gathering and analytics. Despite our success in capturing market opportunities from the digital transformation of China's home maintenance and repair market, to remain competitive, we must continue to stay abreast of the continuously evolving industry trends and rapid technological developments. Developing and delivering new or upgraded services and technologies is costly, and the success of such services and technologies depends on several factors, including the timely completion, introduction, government regulation and market acceptance of such new services and technologies. If we are unable to incorporate or adapt to new technology advancements in a cost-effective and timely manner in response to changing market conditions, whether for technical, legal, financial or other reasons, our business may be materially and adversely affected.

Moreover, our success will depend partially on our ability to continuously identify, develop, acquire, protect or license advanced and new technologies that are valuable to our solutions and services. We will continue to invest resources in research and development to enhance our existing solutions and services. Failure to do so could render our existing solutions to industry participants obsolete and unappealing, which in turn may adversely affect our reputation, competitiveness, results of operations and prospects.

Furthermore, our research and development efforts with respect to new offerings and technologies could distract management from current operations, and will divert capital and other resources from our more established offerings and technologies. If we do not realize the expected benefits of our investments, our business, results of operations, financial condition and prospects may be harmed. If we are unable to continue to develop or manage new or upgraded services and technologies, or if technicians or consumers do not value them or perceive their benefit, technicians or consumers may choose not to use our platform, which may adversely affect our business, results of operations, financial condition and prospects.

We depend on search engines, information listing platforms, social media apps and other third-party channels to attract a significant portion of our consumers, and if those businesses change their ranking or listings practices or algorithms or increase their pricing, it could impact our ability to attract new consumers.

Our future growth depends on our ability to attract consumers to our platform and convert them into our consumers in a cost-effective manner. We depend on search engines, information listing platforms, social media apps and other third-party channels to acquire consumer traffic. With respect to search engines, we are included in search results as a result of both paid search listings, where we purchase specific search terms that result in the inclusion of our advertisement, and free search listings, which depend on algorithms used by search engines. For paid search listings, if one or more of the search engines or other online sources on which we rely for purchased listings modifies or terminates its relationship with us, our expenses could rise, or we could lose consumers and traffic to our platform could decrease. For free search listings, if search engines on which we rely for algorithmic listings modify their algorithms, our platform may appear less prominently in search results, which could result in reduced traffic.

Our ability to maintain and increase the number of consumers directed to us from third-party channels is not within our control. Search engines, information listing platforms, social media apps and other third-party channels often revise their algorithms and introduce new advertising products. If one or more of the search engines or other online sources on which we rely for traffic were to modify its general methodology for how it displays our advertisements or keyword search results, resulting in fewer consumers clicks, our business and operating results are likely to suffer. In addition, if our online display advertisements are no longer effective or are not able to reach certain consumers due to consumers' use of ad-blocking software, our business and operating results could suffer.

If we fail to ensure the safety of consumers and technicians, our business, results of operations and financial condition may be materially and adversely affected.

Our business relies on our ability to maintain a high level of safety of our services, as well as the public perception of the level of safety on our platform to attract and retain consumers and technicians. Our assessment mechanism may fail, or the databases on which we rely to identify past wrongdoings may be inaccurate or incomplete. Our measures may not be sufficient to prevent safety incidents in all circumstances. During the Track Record Period, we were fined RMB200,000 in one safety incident involving technicians who contracted with us to provide maintenance service for a corporate customer. In this incident, we were found to have failed to implement adequate safety measures for these contracted technicians during the installation of electric vehicle charging piles. This instance had no material impact on our business or results of operations and we did not experience any other incidents during the Track Record Period that materially and adversely affected us. However, there can be no assurance that we will not experience future safety incidents that will have a material and adverse impact on our business, reputation, results of operations and financial condition. Furthermore, public perception and regulatory scrutiny of the safety of home maintenance and repair services in general may be influenced by safety incidents that occur on other platforms unrelated to ours, which could negatively affect consumers' willingness to use our services.

We may be considered as conducting payment services as a non-financial institution without a payment business permit.

According to the Regulation on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) which was promulgated by the State Council on December 9, 2023, effective on May 1, 2024, the establishment of a non-bank payment institution shall be subject to the approval of the PBOC, and a payment business permit shall be obtained. Non-bank payment institutions that are illegally established without the approval of the PBOC, or those engaging in payment business directly or in a disguised form, shall be banned by the PBOC.

We entered into agreements with two PRC licensed commercial banks (the "Cooperation Banks") to cooperate on the billing, payment and settlement functions on our platform. Consumers utilizing our platform to find technicians typically make payments for fulfilled service orders to a designated account with the Cooperation Banks either directly or through online payment processors. We typically settle payments with partner technicians by crediting the payments to their accounts in seven days, after deducting our service fees. Such an arrangement may expose us to the risk of being perceived as controlling the settlement process with partner technicians, which could lead to the interpretation that we are engaged in providing payment services by instructing the Cooperation Banks, thereby necessitating us to obtain a payment business permit. During the Track Record Period and up to the Latest Practicable Date, we had not been required by the relevant regulatory authorities to obtain a payment business permit for our past settlement practice, nor had we received any administrative penalty in connection with our past settlement practice or otherwise been determined to be in violation of the above-described regulations and rules. As advised by our PRC Legal Advisor, the risk that our cooperation with such bank may be deemed as providing payment and settlement services without a payment business permit under the relevant PRC laws and regulations is remote, as (i) it is the Cooperation Banks, not us, who provide settlement services, considering that (a) the relevant payments are held in an independent account which is opened by the Cooperation Banks and separate from our own account, and (b) during settlement of payments, the Cooperation Banks independently verifies settlement instructions through multiple measures; (ii) as confirmed by the Cooperation Banks, (a) the services it provides to us have been filed with the local PBOC, and (b) our cooperation with them does not constitute payment services provided by licensed institutions for unlicensed institutions which was forbidden by the Notice on further strengthening the rectification of unlicensed Payment Business (《關於進一步加強無證經營支付業務整治工作的通知》) issued by PBOC; and (iii) we have not been subject to any notification, investigation or penalty relevant to payment services without permit or been determined by relevant authorities to be in violation of the Regulation on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) and relevant laws and regulations.

However, we cannot predict the application and interpretation of relevant laws and regulations and we cannot assure you that relevant regulatory authorities would agree with the foregoing view. There is no guarantee that our settlement practices during the Track Record Period will not give rise to the risk of being perceived as engaging in providing payment and settlement services without a payment business permit, or that our arrangement with the Cooperation Banks would completely eliminate the risks arising out of our payment practices or satisfy all of our present and future business needs. In addition, the settlement services provided by licensed commercial banks are subject to various rules and regulations, which may be amended or reinterpreted to encompass additional requirements. In response to such changes, we may have to adjust our cooperation with the Cooperation Banks and may thus incur higher transaction and compliance costs. If required by the PBOC or any other governmental authorities, the Cooperation Banks may have to suspend or cease to provide us with its services. In such event, we may not be able to retain effective control of the payments from consumers in the accounts maintained with the Cooperation Banks, and we may incur additional expenses or be required to invest considerable resources in finding alternative ways to comply with the requirements. Furthermore, if the PBOC or other governmental authorities conclude that our historical payment practices do not comply with applicable laws and regulation, we may be subject to regulatory actions, investigations, fines and penalties, or be ordered to cease the payment services, and we could face criminal liability. Any of the circumstances would have a material and adverse effect on our business, results of operations and financial condition.

If we cannot efficiently expand into other cities and regions, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Services on our *Woodpecker* platform are accessible in over 300 cities in China as of June 30, 2024, and we may further expand into other cities in China in the future. However, our current operating experience may not be replicable in other cities and regions due to objective reasons beyond our control, such as differences in consumer profile, per capita disposable income and urbanization rates. New cities and regions may have different local rules and regulations governing our operations, and we may therefore need to incur significant compliance costs, adjust our operations or be prevented from providing our services. We may also face intense competition in the new markets and cannot guarantee that our service will be competitive and well received by consumers. We may also experience difficulties in attracting and maintaining technicians and consumers in the new markets, which may significantly restrict our ability to scale up our network. If we cannot expand into other cities and regions in a cost-efficient manner, our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our expansion into new offering categories and businesses may expose us to new challenges and more risks.

We may expand into new offering categories in the future to meet evolving market demand. For example, we have expanded our business into new areas that are complementary to our existing businesses, such as establishing partnerships with property management service providers and providing maintenance and repair for photovoltaic equipment. However, expansion into new offerings may involve new risks and challenges that we may not have experienced before. We cannot assure you that we will be able to overcome such new risks and challenges and make our new offerings successful. Initial timetables for the introduction and development of new offerings may not be achieved and profitability targets may not prove feasible. External factors, such as compliance with regulations, competition and shifting market preferences, may also impact the successful implementation of our new offerings. Our technology systems may fail to adapt to the changes in such new areas or we may fail to effectively integrate new services into our existing operations. We may lack experience in managing our new offerings. In addition, we may be unable to proceed with our operations as planned or compete effectively due to different competitive landscapes in these new areas. Even if we expand our business into new areas, the expansion may not yield intended profitable results. Furthermore, any new offerings could have a significant impact on the effectiveness of our internal control system. Failure to successfully manage these risks in the development and implementation of new offerings could have a material adverse effect on our business, results of operations and financial condition.

The online penetration and digitalization of the home maintenance and repair industry is still evolving, and if it does not grow as expected, our business, results of operations, financial condition and prospects may be materially and adversely impacted.

Our success largely depends on the market demand for our services. The home maintenance and repair industry is undergoing a transformation marked by the increasing adoption of online platforms and digital technologies. However, the pace and extent of this digital evolution remain uncertain. Our business relies on the successful integration of these digital elements, and any divergence from our growth expectations in this regard could have significant repercussions on our overall performance.

As the industry shifts toward online platforms and digital solutions, we have made substantial investments to position ourselves at the forefront of this transition. Our success is inherently linked to the digitalization of the industry, as it allows us to connect with a broader consumer base, optimize operational efficiency, and offer innovative solutions. Nevertheless, the rate at which consumers and technicians embrace digital platforms may be influenced by numerous factors, including economic conditions, technological barriers, and market readiness.

A slower-than-expected adoption of digital solutions in the home maintenance and repair sector could lead to challenges such as limited consumer engagement, reduced operational efficiency, and increased competition. This, in turn, may hinder our ability to expand our consumer base and offer differentiated services. Furthermore, any substantial deviation from our digitalization expectations may result in underutilized technological investments and increased operational costs, affecting our profitability.

Illegal, fraudulent or otherwise inappropriate activities of technicians or consumers may expose us to liability and harm our business, brand, results of operations and financial condition.

Illegal, fraudulent or otherwise inappropriate activities by technicians, consumers, or individuals who intentionally impersonate technicians and consumers of our platform, may adversely affect our brand, business, results of operations and financial condition. These activities may include assault, abuse, theft and other misconduct and fraud. For instance, technicians on our platform may circumvent our platform through third-party software or by completing the transaction offline and in private. In addition, technicians, after utilizing our platform to build their reputation and reach a large group of consumers, could choose to transact with consumers outside of our platform. Despite our efforts to identify and prevent such conduct, these measures may not adequately address or prevent all illegal, fraudulent or otherwise inappropriate activities by these parties. Such conduct may expose us to liability or adversely affect our brand or reputation. At the same time, if the measures we have taken to guard against these illegal, fraudulent or otherwise inappropriate activities are too restrictive and inadvertently prevent or discourage technicians and consumers from continuing to transact on our platform, or if we are unable to implement these measures effectively and consistently, our ability to attract and retain technicians and consumers on our platform and the transaction volume on our platform may be adversely impacted. Furthermore, any negative publicity related to the foregoing, whether such incident occurred on our platform or on our competitors' platforms, may adversely affect our reputation and brand or public perception of home maintenance and repair services in general, which could adversely affect demand for platforms like us, and potentially lead to increased regulatory or litigation exposure. Any of the foregoing risks could harm our business, results of operations and financial condition.

We may be required by relevant government authorities to contribute additional social security and housing provident funds contributions, or be imposed of late payment fees or fines.

PRC laws and regulations require us to pay statutory social welfare benefits for our employees, including social insurance premium and housing provident fund. During the Track Record Period, we had not made adequate contributions to the social insurance plan and housing provident fund for our employees as required under the applicable PRC laws and regulations. Pursuant to relevant PRC laws and regulations, failure to make full contribution of social insurance premium within a prescribed period may subject us to a daily overdue fine of 0.05% of the outstanding payment. If such payment is not made within the prescribed period, the competent authority may further impose a fine from one to three times the amount of the outstanding payment. Pursuant to relevant PRC laws and regulations, if there is a failure to pay the full amount of housing provident fund as required, the housing provident fund management center may order to make the outstanding payment within a prescribed period. If the payment is not made within the prescribed period, an application may be made to the PRC courts for compulsory enforcement.

As of the Latest Practicable Date, we had not received any order of correction or any fines or penalties from the competent authority or any material complaint or labor arbitration application from any of our employees as a result. Certain of our PRC major subsidiaries have obtained written confirmations from competent local authorities that these subsidiaries currently have no overdue or outstanding payments of social insurance and housing provident fund contributions and have not been subject to any administrative penalties in the past in relation to social insurance and housing provident funds. Based on the foregoing, our PRC Legal Advisor is of the view that for subsidiaries with such confirmation, the risk that we will be required by relevant PRC authorities to pay any shortfall in social insurance and housing provident fund contributions or be penalized for failing to make adequate contributions is remote. For our other subsidiaries, we estimate that the shortfall of social insurance and housing provident fund contributions was approximately RMB5.6 million, RMB6.6 million, RMB6.5 million and RMB4.0 million in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively, and we have made full provision of such contribution shortfall for the respective years. For more information, see "Business — Regulatory Compliance — Social Insurance and Housing Provident Funds." Nevertheless, we may be ordered by the relevant authorities to pay the overdue contributions within the prescribed period, failing which we may be subject to a penalty or subject to specific enforcement by the court. As a result, our financial condition and results of operations may be adversely affected.

Our results of operations are subject to seasonal fluctuations.

Our results of operations are affected by seasonal factors. We generally experience a greater transaction volume on our platform in the third quarter of each year, primarily driven by increased demand for cleaning and maintenance of certain home appliances such as air conditioners due to high temperatures in the summer. As a result, we typically record the highest quarterly GTV and revenue in the third quarter. The transaction volume and revenue in the first quarter are additionally influenced by the Chinese New Year holidays during which many technicians return to their hometowns. Our GTV in the third quarter of 2021, 2022 and 2023 was 91.0%, 92.9% and 83.9% higher than in the first quarter of that year, respectively.

To reduce the fluctuations in our transaction volume affected by such seasonal factors, we usually allocate a substantial portion of our advertising and marketing spending in the fourth quarter of a year to promote our brand awareness based on our projected business volume and growth strategy for the next year. For example, in the fourth quarter of 2023, we made substantial investments in advertising and brand promotion across various channels, such as elevator and high-speed train advertisements, with an aim to boosting our platform's transaction volume in 2024. Other seasonal trends that affect us may develop, and current seasonal trends may become more extreme, all of which may contribute to fluctuations in our results of operations. As a result, historical patterns of our results of operations may not be indicative of our future performance, and period-to-period comparisons of our results of operations may not be meaningful. Our results of operations in future quarters or years may fluctuate and deviate from the expectations of securities analysts and investors, and any occurrence that disrupts our business during any particular quarters could have a disproportionately material adverse effect on our liquidity and results of operations.

We may fail to optimize the prices for the services offered via our platform, and any adverse trend in pricing will impact our revenue and results of operations.

We charge service fees to technicians for facilitating service orders through our platform. Our pricing strategies could be affected by a number of factors, including operating costs, legal and regulatory requirements or constraints, and our current and future competitors' pricing and marketing strategies. Some competitors offer, or may in the future offer, lower-priced services or implement loss-leader pricing strategies in order to attract and retain consumers and technicians. Similarly, some competitors may use marketing strategies to attract or retain consumers and technicians at lower costs than us. As such, we may be forced by competition, regulation or other reasons to reduce our service fees or to increase our selling and marketing expenses to retain and expand our consumer base. Furthermore, our consumers' price sensitivity may vary by geographic locations, and as we expand, our pricing methodologies may not enable us to compete effectively in these locations. We may launch new pricing strategies and initiatives, or modify existing pricing methodologies, any of which may not ultimately be successful in attracting and retaining consumers and technicians.

Any significant disruption in service on our platform, malfunctions of our technology systems, errors and quality issues in our software, hardware and systems, or human errors in operating these systems, could materially and adversely affect our business, results of operations and financial condition.

Our business depends on the ability of our information technology systems to process massive amounts of information and transactions in a consistently stable and timely manner. The satisfactory performance, reliability and availability of our technology and underlying network infrastructure are critical to our operations, service quality, reputation and ability to retain and attract consumers. We cannot guarantee that access to our platform will be uninterrupted, error-free or secure. Our operations depend on the ability of the host of our system hardware to protect its and our systems in its facilities against damage or interruption from natural disasters, power or telecommunications failures, air quality, temperature, humidity and other environmental concerns, computer viruses or criminal acts. If our arrangement with the current host is terminated, or there is a lapse of service or damage to the host's facilities, we could experience interruptions in our service as well as delays and incur additional expenses in arranging new facilities. In the event of a partial or complete failure of any of our computer systems, our business activities may be materially disrupted. In addition, a prolonged failure of our information technology system could damage our reputation and materially and adversely affect our prospects and profitability.

We may experience system failures and other events or conditions from time to time that interrupt the availability or reduce or affect the speed or functionality of our offerings. These events could result in losses of our revenue. A prolonged interruption in the availability or reduction in the availability, speed or other functionality of our services could adversely affect our business and reputation and could result in the loss of consumers. Also, our software, hardware and systems may contain undetected errors, that could materially and adversely affect our business, particularly where such errors are not timely detected and remedied. In addition, our platform and services use complex software, and may have coding defects or errors that may impair our consumers' ability to use our platform and services. The models and algorithms that we use for our platform and services may also contain design or performance defects that are not detectable even after extensive internal testing. We cannot assure you that we will be able to detect and resolve all such defects and issues through our quality control measures.

Any errors, defects and disruptions in services, or other performance problems with our platform and services could hurt our reputation, affect user experience or cause economic loss or other types of damage to our users. Software and system errors or human errors could delay or inhibit order dispatch, route calculation, settlement of payments, and reporting of errors, or prevent us from collecting service fees or providing services. Such issues could result in liabilities and losses, which could materially and adversely affect our business, results of operations and financial condition. In addition, if we fail to adopt new technologies or adapt our mobile apps, websites and systems to changing consumer preferences or emerging industry standards, our business and prospects may be materially and adversely affected.

The successful operation of our business depends upon the performance and reliability of internet, mobile and other infrastructure that are not under our control.

Our business depends on the performance and reliability of internet, mobile and other infrastructures that are not under our control. Disruptions in internet infrastructure or the failure of telecommunications network operators, cloud service providers and other third-party providers of network services could interfere with the performance and availability of our platform. If our platform is unavailable when consumers attempt to access it, or if our platform does not load as quickly as consumers expect, consumers may not return to our platform as often in the future, or at all.

We primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and internet data centers to host our servers. There is no assurance that we can find alternative networks or services in the event of disruptions, failures or other problems with internet infrastructure, or the fixed telecommunications networks provided by telecommunication service providers. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the internet infrastructure and the fixed telecommunications networks provided by telecommunication service providers will be able to support the demands associated with the continued growth in internet usage.

Our business also depends on the efficient and uninterrupted operation of mobile communications systems. The occurrence of power outages, telecommunications delays or failures, security breaches, or computer viruses could result in delays or interruptions to our products, offerings and platform, as well as business interruptions for us and for technicians and consumers. Any of these events could damage our reputation, significantly disrupt our operations, and subject us to liability, which could adversely affect our business, results of operations and financial condition.

Our business involves the collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected.

We collect the personal information and data necessary for the use of our platform. We are subject to a variety of laws and regulations regarding cybersecurity, information security, privacy and data security, including restrictions on the collection, storage and use of personal information and requirements to take steps to prevent personal information from being divulged, stolen or tampered with. See "Regulatory Overview — Regulations on Internet Security and Privacy Protection."

We have taken a variety of measures to protect the personal information of consumers and technicians using our platform. For details, see "Business — Data Privacy and Protection." Despite such efforts, our security systems and measures may not detect and prevent all unintended leakages caused by employees' error, misconduct, mistakes or other malfeasance, or any unauthorized third parties, or fully comply with regulatory requirements. Our information technology and infrastructure may be vulnerable to cyberattacks or security breaches, and third parties may circumvent our security measures, misappropriate proprietary information and cause interruptions in our information technology systems. Unauthorized third parties may also attempt to fraudulently induce our employees, partners, consumers, technicians or others into disclosing usernames, passwords, payment card information or other sensitive information, or use increasingly sophisticated methods to engage in illegal activities involving personal information. In addition, consumers and technicians on our platform could have vulnerabilities on their own mobile devices that are entirely unrelated to our systems and platform, but could mistakenly attribute their own vulnerabilities to us or adversely affect our systems and platform.

Furthermore, credential stuffing attacks are becoming increasingly common and sophisticated actors can mask their attacks, making them increasingly difficult to identify and prevent. Any actual or perceived security breach that leads to leakage of our confidential information, even though anonymized, could still interrupt our operations, temporarily or permanently disable our platform, result in fraudulent transfer of funds, damage our relationships with consumers and other business partners, and subject us to legal liabilities, regulatory sanctions, financial exposure and reputational damage, any of which may materially and adversely affect our business, results of operations and financial condition. Any breach of privacy or security impacting any entities with which we share or disclose data could have similar effects. Moreover, any cyber-attacks or security and privacy breaches directed at our competitors could reduce confidence in the home maintenance and repair industry in general and, as a result, reduce confidence in our platform.

Additionally, defending against claims or litigation based on any security breach or incident, regardless of their merit, could be costly and divert management's attention. We cannot assure you that our insurance coverage will be adequate for data handling or data security liabilities incurred, that insurance will continue to be available to us on commercially reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could adversely affect our reputation, brand, business, results of operations and financial condition.

If we fail to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, or if we are challenged by competent regulators, we may be subject to additional costs, liabilities, reputational damage, suspended use of our platform and harm to our business. With the promulgation of new laws, regulations and standards concerning data security and personal information protection in the future, we may incur more expenditure on the upgrading and improvement of our data security mechanisms from both technological and management aspects in order to comply with increasingly stricter requirements. If we fail to comply with these laws, regulations and standards, we may be subject to fines or other penalties, which could materially and adversely affect our business, results of operations and financial condition.

In addition, the Cyberspace Administration of China (the "CAC") and the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the MOF, the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the CSRC and the National Administration of State Secrets Protection and State Cipher Code Administration jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "Cybersecurity Review Measures") on December 28, 2021, which came into effect on February 15, 2022. The Cybersecurity Review Measures specifies that the procurement of network products and services by critical information infrastructure operators and the activities of data process carried out by online platform operators, that raise or may raise "national security" concerns are subject to strict cybersecurity review by the Office of Cybersecurity Review established by the CAC. In addition, an online platform operator that possess the personal data of at least one million users must apply for cybersecurity review by the Cybersecurity Review Office if it plans on listing companies in foreign countries. The Office of Cybersecurity Review may voluntarily conduct a cybersecurity review if any network products and services, activities of data process or listing of companies overseas affects or may affect national security. Pursuant to the Cybersecurity Review Measures, any violation shall be punished in accordance with the Cybersecurity Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of noncompliant operations. We may be subject to the cybersecurity review in the future if we are considered to be falling into the scope of activities or data which "affect or may affect national security" as interpreted under the then regulatory regime.

On November 14, 2021, the Administration Regulations on Cyber Data Security Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "Draft Cyber Data Security Regulations" was proposed by the CAC for public comments until December 13, 2021. The draft measures reiterate that data processors which process the personal information of at least one million users must apply for a cybersecurity review if they plan the listing of companies in foreign countries, and the draft measures further require the data processors that carry out the following activities to apply for cyber security review in accordance with the relevant laws and regulations: (i) the merger, reorganization or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests that affect or may affect national security; (ii) the listing of the data processor in Hong Kong affects or may affect the national security; and (iii) other data processing activities that affect or may affect national security. However, the Draft Cyber Data Security Regulations provides no further explanation or interpretation for "affect or may affect national security". As of the Latest Practicable Date, the Draft Data Security Regulations have not been enacted or taken effect, and there had been no clarifications from the authorities as to the standards for determining the activities that "affect or may affect national security". Also, there is no timetable as to when it will be enacted as of the Latest Practicable Date. We will continue to closely monitor the rule-making process and will assess and determine whether we are required to apply for the cybersecurity review when and once the Draft Data Security Regulations is formally promulgated.

As of the Latest Practicable Date, we had not been notified by any authorities of being classified as a data processor carrying out data processing activities that influence or may influence national security, neither had we been subject to any cybersecurity review, enquiry, investigation or notice by the CAC or any other authorities in connection with the proposed [**REDACTED**].

If we fail to obtain and maintain the requisite licenses and approvals, or if we are required to take compliance actions that are time-consuming or costly, our business, results of operations and financial condition may be materially and adversely affected.

Under PRC laws and regulations, we are required to obtain a number of licenses, permits and approvals from, and make filings or complete registrations with, government authorities in order to provide internet information services and other services to consumers and technicians on our platform. In addition, we may be required to obtain additional licenses or permits from, or make registration or filings, with competent governmental authorities in the future as our business evolves and expands into new offering categories. The failure to obtain and/or maintain the licenses and permits required to conduct our business may subject us to various penalties, including confiscation of revenue, imposition of fines and/or restrictions on our business operations, or the discontinuation of our operations. Any such disruption could materially and adversely affect our business, financial condition and results of operations.

As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in all material respects from the relevant government authorities, and such licenses, permits, approvals and certificates remained in full effect. However, we cannot assure you that we can successfully update or renew all requisite licenses in a timely manner or that these licenses are sufficient to conduct all of our present or future business. If the relevant authorities determine that our platform has not obtained the requisite licenses or our operations are not in compliance with the relevant regulations, we may be required to suspend our operations, which may cause a significant loss of consumers and materially and adversely affect our business, results of operations and financial condition. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings, we may be subject to various activities, including the imposition of fines and the discontinuation or restriction of our operations.

We rely on assumptions and estimates to calculate certain key operating metrics, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

The number of transactions, the amount of gross transaction volume, the number of transacting consumers, the number of technicians, among others, presented in this Document are based on internal company data. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in measuring usage and consumer engagement across our large consumer base. We treat each account as a separate consumer for the purposes of calculating the number of our transacting consumers, because it may not always be possible to identify people that have set up more than one account. Accordingly, the calculations of the number of our transacting consumers may not accurately reflect the actual number of people using our platform.

Our measures of consumer growth may differ from estimates published by third parties or from similarly titled metrics used by our competitors due to differences in methodology. If consumers or technicians do not perceive our consumer metrics to be accurate representations of our consumer base, or if we discover material inaccuracies in our consumer metrics, our reputation may be harmed. Consumers may be less willing to search for home maintenance and repair services, and technicians may be less willing to cooperate with us on our platform, which could negatively affect our business and operating results.

We depend on the availability and quality of certain third-party offerings. Should there be any disruption in their supply, our business and results of operations may be adversely affected.

Our success depends in part on our relationships with certain third-party service providers. For example, certain consumer contact functions employed by our platform are licensed to us by a third party, and it is possible that such consumer contact functions may not be consistently reliable. We also rely on online payment processors, such as commercial banks, Alipay and WeChat Pay, to process payments made by our consumers and may in the future offer new payment options to consumers that may be subject to additional regulations and risks. Furthermore, from time to time, we may enter into strategic partnerships with third parties in connection with the development of new technologies, the growth of our consumer base, the provision of new or upgraded services, or the expansion of our business into new markets.

If any of our partners terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, or its performance does not meet our expectations, we would need to find an alternative provider, and may not be able to secure similar terms or replace such provider in an acceptable timeframe. Any of these risks could increase our costs and adversely affect our business, results of operations and financial condition.

Furthermore, any negative publicity related to any of our third-party partners, including any publicity related to quality standards or safety concerns, could adversely affect our reputation and brand, and could potentially lead to increased regulatory or litigation exposure. In addition, our third-party service providers may be subject to regulatory actions from time to time. Any of the foregoing could adversely affect their relationships with us and undermine their ability to deliver satisfactory services, which, in turn, could adversely affect our business, results of operations and financial condition.

Certain technologies and software are licensed to us. However, we cannot be certain that our licensors are not infringing the intellectual property rights of others or that the suppliers and licensors have sufficient rights to the technology. If any of our license agreements is terminated by our licensors for any reason, if we are unable to obtain or maintain rights to any technology because of intellectual property infringement claims brought by third parties against our suppliers and licensors or against us, or if we are unable to continue to obtain the technology or enter into new agreements on commercially reasonable terms, our relevant operation may be restricted or suspended.

In addition, our platform, accessible through our mobile apps, relies on third parties maintaining open application marketplaces, including the Apple App Store and various Android application markets in China. These marketplaces make applications available for download. We cannot assure you that the services of such marketplaces will remain stable, and that they will continue to make available our apps without charging fees or imposing other restrictions.

We rely on third party suppliers to supply us with spare parts, materials and appliances that meet our quality requirements.

We generate a small proportion of our revenue from sales of spare parts and materials to our partner technicians, and from sales of new appliances to consumers seeking replacements. We rely on third party suppliers to supply us with spare parts, materials and appliances that meet our quality requirements. Our cost of inventories sold accounted for 7.0%, 7.0%, 7.3%, 7.5% and 8.7% of our total revenue in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively. This exposes us to the risk of shortages, increased costs and long lead times in the supply of these products, and the risk that our suppliers discontinue or modify, or increase the price of, these products. In connection with any supply shortages in the future, reliable and cost-effective replacement sources may not be available on short notice, and this may force us to pay higher purchase prices.

Our results of operations, financial condition and prospects have been affected by fair value changes of preferred shares. The valuation of our convertible redeemable preferred shares is uncertain due to the use of unobservable inputs.

We had outstanding paid-in capital with preferred rights in connection with Chongqing Woodpecker, which were replaced by the Preferred Shares of our Company upon the completion of the Reorganization. These paid-in capital with preferred rights and Preferred Shares of our Company were designated as financial liabilities at fair value through profit or loss during the Track Record Period. The paid-in capital with preferred rights of Chongqing Woodpecker and our Preferred Shares have not been traded in an active market and the respective fair value is determined by using valuation techniques. The back-solve method and the discounted cash flow method were used to determine the underlying share value of Chongqing Woodpecker or our Company and the equity allocation based on an option pricing method was adopted to determine the fair value of the financial instruments. Please refer to Note 31 to the Accountants' Report included in Appendix I to this Document for the key assumptions in determining the fair value of the paid-in capital with preferred rights and our Preferred Shares during the Track Record Period. We recognized a gain of RMB9.8 million in 2021 and a loss of RMB36.6 million, RMB82.4 million, RMB33.5 million and RMB22.7 million in 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively, arising from changes in fair value of the paid-in capital with preferred rights of Chongqing Woodpecker and our Preferred Shares. The valuation methodologies that we use involve a significant degree of management judgement and are inherently uncertain. Changes in these unobservable inputs and other estimates and judgements could materially affect the fair value of our Preferred Shares, which in turn may adversely affect our results of operations. We expect continued fluctuation of the fair value of our Preferred Shares after the Reorganization till the completion of the [**REDACTED**], upon which all the Preferred Shares will automatically convert into our Shares. After the automatic conversion of the Preferred Shares into Shares upon the completion of the [**REDACTED**], we do not expect to recognize any further loss or gain on fair value changes from the preferred shares in the future.

Our legal right to some leased properties may be challenged.

As of the Latest Practicable Date, a majority of our leased properties were subject to potential title defects, as the lessors of such leased properties had not provided us with the relevant title ownership certificates for the leased properties or proof of authorizations from the property owners to sublease the properties to us. If our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors or permits from the relevant governmental authorities, our leases might be deemed invalid and unenforceable. If this occurs, we may have to renegotiate the leases with the owners or other parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us. In addition, in the event that our use of properties is successfully challenged, we may be forced to relocate. Moreover, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or at all, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties. As a result, our business, financial condition and results of operations may be adversely affected. See "Business — Properties — Leased Properties — Title Defects."

Furthermore, as of the Latest Practicable Date, 141 of the lease agreements of our leased properties had not been registered and filed with relevant land and real estate management departments in China, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC governmental authorities. Failure to complete the lease registration will not affect the legal effectiveness of the lease agreements according to PRC law, but the real estate administrative authorities may require the parties to the lease agreements to complete lease registration within a prescribed period of time, and failure to do so may subject the parties to fines from RMB1,000 to RMB10,000 for each of such lease agreements. See "Business — Properties — Leased Properties — Non-registration."

During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any actions, claims or investigations threatened against us or our lessors with respect to the defects in our leasehold interests which may have a material adverse impact on our business, financial condition and results of operations. However, if any of our leases is terminated as a result of challenges by third parties or governmental authorities for lack of title certificates or proof of authorization to lease, we do not expect to be subject to any fines or penalties, but we may be forced to relocate the affected offices and staff dormitories and incur additional expenses relating to such relocation. We cannot guarantee that suitable alternative locations are readily available on commercially reasonable terms, or at all, and if we fail to relocate our operations in a timely manner, it may adversely affect the business operations of us.

Failure to renew our current leases or locate desirable alternatives for our facilities could materially and adversely affect our business.

We lease properties which are primarily used as our office space, warehouses and technician centers. We may not be able to successfully extend or renew such leases upon expiration, on commercially reasonable terms or at all, and may be forced to relocate the affected operations. Such relocation may disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. We may not be able to locate desirable alternative sites for our facilities as our business continues to grow and failure in relocating our operations when required could adversely affect our business and operations. Even if we are able to extend or renew the respective leases, rental payments may significantly increase as a result of the high demand for the leased properties.

We may not be able to adequately protect our intellectual property, which could adversely affect our business and operations.

We regard our patents, copyrights, trademarks and other intellectual properties as critical to our success. We rely on a combination of patent, trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. See "Business — Intellectual Property."

Our business partners may not always comply with our contract terms prohibiting the unauthorized use of our brands, images, characters and other intellectual property rights. The agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

Our competitors and other third parties may register trademarks or apply for patents that are similar to ours, and may divert potential consumers from us to them. Preventing such unfair competition activities is inherently difficult. If we are unable to prevent such activities, competitors and other third parties may drive potential consumers away from our platforms, which could harm our reputation and materially and adversely affect our results of operations.

Policing unauthorized use of our proprietary technology, trademarks and other intellectual property might be time-consuming, and litigation may be necessary to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources and could disrupt our business, as well as materially and adversely affect our business, results of operations and financial condition.

We may be subject to intellectual property infringement claims or other allegations by third parties, which, with or without merit, may materially and adversely affect our business, reputation, results of operations and financial condition.

We cannot be certain that our operations or any aspects of our business do not or will not infringe upon or otherwise violate trademarks, copyrights, patents, know-how, trade secrets or other intellectual property rights held by third parties without our awareness. As of the Latest Practicable Date, we had not been subject to material proceedings and claims pending or threatened against us relating to the intellectual property rights of others, yet we may from time to time be subject to such proceedings and claims in the future.

We may incur additional costs in monitoring and detecting potential infringement. If we are found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Defending against any infringement or licensing allegations and claims can be costly and time consuming and may divert management's time and other resources from our business and operations, and the outcome of many of these claims and proceedings cannot be predicted. If a judgment, a fine or a settlement involving a payment of a material sum of money were to occur, or injunctive relief were issued against us, it may result in significant monetary liabilities and may materially disrupt our business and operations by restricting or prohibiting our use of the intellectual property in question, and our business, reputation, results of operations and financial condition may be materially and adversely affected.

We may be involved in legal and other disputes from time to time arising out of our operations, which, with or without merit, could be time-consuming and costly, divert our management's attention and resources, and adversely affect our reputation, business, results of operations and financial condition.

We may be involved in legal and other disputes arising from our ordinary course of business. We may also be subject to claims, lawsuits, investigations and other legal proceedings relating to property damage or personal injuries to, or deaths of, consumers or technicians on our platform or third parties that are attributed to us through our offerings. In addition, we may be subject to claims alleging that we are directly or vicariously liable for the acts of technicians on our platform. We cannot assure you that we will not be named as a co-defendant in lawsuits filed against our consumers or partner technicians in the future, or that we will not be subject to joint and several or other liabilities resulting from relevant legal proceedings. During the Track Record Period and up to the Latest Practicable Date, we had not been a party to any material legal, arbitral or administrative proceedings, and were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. See "Business — Legal Proceedings." Although we plan to defend our interests in any legal proceedings that may arise in the ordinary course of our business, we may incur judgments or enter into settlements of claims that could adversely affect our reputation, business, results of operations and financial condition.

Additionally, if we are involved in any legal proceedings, our management's time and efforts could be diverted from the operation of our business to pursue or defend the legal proceedings, and our insurers may also increase our insurance premiums. Furthermore, any litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings which are initially not of material importance may escalate and become important to us, due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake and the parties involved. If any court decision or arbitration award is rendered against us or if we settle with any third parties, we could be required to pay significant monetary damages, assume other liabilities and even to suspend or terminate the related business contracts. In addition, negative publicity arising from litigation, arbitration, legal or contractual disputes, investigations or administrative proceedings may damage our reputation and adversely affect the image of our brand. These may adversely affect our results of operations and financial condition. If we fail to claim or defend any legal proceedings on a timely basis, or fail to settle such legal proceedings on commercially reasonable terms, or the damages that we may be held liable to pay in respect of such legal proceedings are not adequately covered by our insurance policies, our business and results of operations may be adversely affected.

Our business could be adversely affected by natural disasters, public health crises such as the COVID-19 pandemic, political crises, economic downturns or other unexpected events.

A significant natural disaster, such as an earthquake, fire, hurricane, tornado, flood or significant power outage, could disrupt our operations, networks, the internet or the operations of our third-party technology providers. In addition, any further outbreaks of COVID-19 or other unforeseen public health crises, or political crises, such as terrorist attacks, war and other political instability, or other catastrophic events, whether in China or abroad, could adversely affect our operations or the economies of the industries in which we operate, or make the geographic markets in which we operate less desirable places to live, work and socialize. The impact of any natural disaster, act of terrorism or other disruption to us or our third-party providers' abilities could result in decreased demand for our offerings or a delay in the provision of our offerings, which could adversely affect our business, results of operations and financial condition. All the aforementioned risks may be further increased if our disaster recovery plans prove to be inadequate. Disruptions or downturns in global or national or local economic conditions may cause discretionary spending and demand for home maintenance and repair services to decline.

Our insurance coverage may not sufficiently cover the risks related to our business. The insurers may reject a claim on the basis of illegality for work performed by technicians without appropriate qualifications.

We do not maintain insurance for all types of risks we face in our operations in China, and our coverage may not be adequate to compensate for all losses that may occur, particularly with respect to loss of business or operations. Any business disruption, litigation, regulatory action, outbreak of epidemic disease or natural disaster could also expose us to substantial costs and diversion of resources. There can be no assurance that our insurance coverage is sufficient to prevent us from any loss or that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we incur any loss that is not covered by our insurance policies, or the compensated amount is significantly less than our actual loss, our business, financial condition and results of operations could be materially and adversely affected.

We purchase insurance on behalf of technicians to cover risks of personal injury to them or consumers, as well as property damage incurred by consumers during order fulfillment. During the Track Record Period, we entered into insurance agreements with the insurers, with technicians as insured. These insurance agreements exempt the insurers from paying insurance benefits under certain circumstances, including when the insured's injury or death is caused by their own illegal or criminal actions. Although work performed by technicians without appropriate qualifications is not listed as a type of illegal or criminal actions in the insurance agreements, we cannot assure you that such work would not be deemed illegal actions of the technicians. For details, see "— Risk Relating to Our Business and Industry — Certain technicians on our platform did not hold the requisite qualifications in performing their services." If a technician without appropriate qualifications is injured or lost his life while performing services, the insurer may allege that such injury or death was caused by the insured's illegal action and therefore, reject such claim. During the Track Record Period, there had been no instances of insurers rejecting claims on the basis of illegality for work performed by technicians without appropriate qualifications. However, there can be no assurance that the insurers will not reject claims regarding technicians without appropriate qualifications on the basis of the absence of such qualifications.

Our business depends substantially on the continuing efforts of our management, other key personnel and a competent workforce to support our existing operations and future growth. If we fail to attract, motivate and retain talents, our business, results of operations, financial condition and prospects may be severely disrupted.

Our success, in part, depends on the continuing services of our management and other key personnel. In particular, we rely on the expertise, experience and vision of our senior management team. We also rely on the technical know-how and skills of other key personnel. If any of our senior management or key personnel becomes unable or unwilling to continue to contribute their services to us, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted, our results of operations and financial condition may be materially and adversely affected, and we may incur additional expenses to recruit, train and retain key personnel.

Our existing operations and future growth require a competent workforce. However, our industry is characterized by high demand and intense competition for talent. In order to attract and retain talent, we may need to offer higher compensation, better training and more attractive career tracks and other benefits to our employees, which may be costly and burdensome. We cannot assure you that we will be able to attract or retain qualified personnel necessary to support our future growth. We may fail to manage our relationship with our employees, and any disputes between us and our employees, or any labor-related regulatory or legal proceedings may divert managerial and financial resources, adversely impact staff morale, reduce our productivity, or harm our reputation and future recruiting efforts. In addition, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our workforce may materially and adversely affect our business, results of operations, financial condition and prospects.

We are exposed to changes in the fair value of financial assets at fair value through profit or loss and valuation uncertainties due to the use of unobservable inputs.

We are exposed to fair value changes for financial assets at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs that require judgment and assumptions which are inherently uncertain. As of December 31, 2021, 2022 and 2023 and June 30, 2024, our financial assets at fair value through profit or loss were RMB235.6 million, RMB313.7 million, RMB131.0 million and RMB0.7 million, respectively, of which RMB5,001,000, RMB828,000, RMB666,000 and RMB673,000, respectively, were measured at level 3 using unobservable inputs. We recorded net gain arising on financial assets at fair value through profit or loss of RMB3.8 million, RMB3.4 million, RMB9.0 million, RMB5.0 million and RMB0.3 million in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively. Since the value of our financial assets depends on the investment performance of the underlying financial instruments, our investments are subject to all the risks associated with those underlying financial instruments, including the possibility of bankruptcy of the unlisted entities. Any potential realized or unrealized losses in our investments in the future resulting from the changes in the value of the financial instruments we invested in may adversely affect our business, our results of operations and our financial condition.

The fair value of our financial assets measured at level 3 that are not traded in an active market is determined using valuation techniques, which require judgment and assumptions and involve the use of unobservable input, such as the probability of redemption. Changes in the basis and assumptions used in the valuation of the fair values could materially affect the fair value of these financial assets. Factors beyond our control can significantly influence and cause adverse changes to the estimates and thereby affect the fair value. The valuation may involve a significant degree of judgment and assumptions which are inherently uncertain, and may result in material adjustment, which in turn may materially and adversely affect our results of operations.

We are exposed to credit risks in relation to our trade receivables and prepayments, deposits and other receivables.

During the Track Record Period, our trade receivables mainly related to the amounts due from corporate customers of our maintenance services. We generally grant our corporate customers a credit period of 30 to 120 days. As of December 31, 2021, 2022 and 2023, and June 30, 2024 we had trade receivables of RMB0.7 million, RMB1.6 million, RMB1.4 million and RMB0.7 million, respectively, and we recorded expected credit loss allowance of trade receivables of RMB30 thousand, RMB72 thousand, RMB69 thousand and RMB37 thousand, respectively. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our trade receivables turnover days were 169 days, 82 days, 143 days and 29 days, respectively. For details, see "Financial Information — Discussion of Selected Items from the Consolidated Statements of Financial Position — Assets — Trade Receivables." We cannot assure you that we can collect these trade receivables in a timely manner, or at all. As a result, we are exposed to credit risks in relation to our trade receivables. Adverse changes in the financial conditions of our trade debtors may negatively affect the length of time that it will take us to collect associated trade receivables or impact the likelihood of ultimate collection, which would in turn have an adverse and material effect on our business, financial condition, and results of operations.

Our prepayments, deposits and other receivables consist primarily of (i) prepayments to suppliers and service providers in connection with our business operations, (ii) amounts due from licensed commercial banks, (iii) amounts due from aggregation platforms, (iv) deposits paid to suppliers, (v) input value added tax recoverable, and (vi) advance to employees. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we recorded prepayments, deposits, and other receivables of RMB40.3 million, RMB93.3 million, RMB150.9 million and RMB166.7 million, respectively. There can be no assurance that all such amounts due to us would be settled on time, or that such amounts will not continue to increase in the future. If we fail to collect these prepayments, deposits, and other receivable, we may be subject to the risk of impairment losses. Therefore, we may face credit risk and our business, results of operations and financial condition would be adversely affected if significant amounts due to us are not settled on time or substantial impairment is incurred.

We may not be able to secure additional financing on favorable terms, or at all, to meet our future capital needs.

Our ability to obtain additional capital in the future is subject to a number of uncertainties, including those relating to our future business development, financial condition and results of operations, general market conditions for financing activities by companies in our industry, and macro-economic and other conditions regionally and globally. If we cannot obtain sufficient capital to meet our capital needs, we may not be able to execute our growth strategies, and our business, financial condition and prospects may be materially and adversely affected.

Our risk management and internal control systems may not be adequate or effective in all respects, which may materially and adversely affect our business and results of operations.

We seek to establish risk management and internal control systems consisting of policies and procedures that we consider appropriate for our business operations. See "Business — Risk Management and Internal Control." However, due to the inherent limitations in the design and implementation of risk management and internal control systems, we cannot assure you that our risk management and internal control systems will be able to identify, prevent and manage all risks. Our internal control procedures are designed to monitor our operations and ensure their overall compliance. However, our internal control procedures may be unable to identify all non-compliance incidents in a timely manner, or at all. It is not always possible to timely detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective.

Our risk management and internal controls also depend on the effective implementation by our employees. However, we cannot assure you that such implementation will not be subject to any human errors or mistakes, which may materially and adversely affect our business and results of operations. As we are likely to offer a broader and more diverse range of services in the future, the diversification of our services will require us to continue to enhance our risk management and internal control capabilities. If we fail to timely adapt our risk management and internal control policies and procedures to our changing business, our business, results of operations and financial condition could be materially and adversely affected.

We have granted, and may continue to grant, share-based compensation which may result in increased share-based compensation expenses.

We have set up several Incentive Platforms for the purpose of granting share-based compensation awards to employees, directors and other stakeholders to secure and retain the services of eligible award recipients and to provide incentives for such persons to exert maximum efforts for our success. For further detailed information, see "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document. We recognize expenses in our financial statements in accordance with IFRSs. Expenses associated with share-based compensation will affect our financial performance. During the Track Record Period, we did not record any share-based payment expenses as the vesting of the restricted share awards granted is contingent on a qualified [**REDACTED**]. We expect to incur share-based compensation expenses in the future when a qualified [**REDACTED**] is highly probable. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Increasing focus with respect to environmental, social and governance matters may impose additional costs on us or expose us to additional risks. Failure to comply with the laws and regulations on environmental, social and governance matters may subject us to penalties and adversely affect our business, financial condition and results of operations.

The PRC government and public advocacy groups have been increasingly focused on environment, social and governance (the "ESG") issues in recent years, making our business more sensitive to ESG issues and changes in governmental policies and laws and regulations associated with environment protection and other ESG-related matters. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, increased focus from investors and the PRC government on ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Any ESG concern or issue could increase our regulatory compliance costs. If we do not adapt to or comply with the evolving expectations and standards on ESG matters from investors and the PRC government, fail to achieve the ESG objectives, or are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, we may suffer from reputational damage and the business, financial condition, and the [**REDACTED**] of our Shares could be materially and adversely effected.

Failure to obtain or sustain government grants or preferential tax treatments that may be available to us could affect our business, results of operations and financial condition.

During the Track Record Period, we received certain government grants. We recognized government grants of RMB0.5 million, RMB4.0 million, RMB3.1 million, RMB0.3 million and RMB0.4 million in the consolidated statements of profit or loss and other comprehensive income in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively. However, these government grants may be non-recurring or unsustainable, which could adversely affect our business, results of operations and financial condition. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatments that may be available to us in the future, which could affect our business, results of operations and financial condition.

We have been and will continue to be a target for public scrutiny, including complaints to regulatory agencies, negative media coverage, and malicious allegations, all of which could severely damage our reputation and materially and adversely affect our business and prospects.

Publicity about our business create the possibility of heightened attention from the public, regulators and the media. Heightened regulatory and public concerns over consumer protection and consumer safety issues may subject us to additional legal and social responsibilities and increased scrutiny and negative publicity over these issues, due to our large number of transactions and the increasing scope of our overall business operations. In addition, changes in our service offerings or policies could result in objections by members of the public, the traditional, new and social media, social network operators or others. From time to time, these objections or allegations, regardless of their veracity, may result in consumer dissatisfaction, public protests or negative publicity, which could result in government inquiry or substantial harm to our brand, reputation and operations. Moreover, as our business expands and grows, both organically and through acquisitions of and investments in other businesses, domestically and internationally, we may be exposed to heightened public scrutiny in jurisdictions where we already operate as well as in new jurisdictions where we may operate. There is no assurance that we would not become a target for regulatory or public scrutiny in the future or that scrutiny and public exposure would not severely damage our reputation as well as our business and prospects.

Non-compliance with or failure to respond to developments of the regulatory regimes regarding the home maintenance and repair industry may materially and adversely affected our business, results of operations and financial condition.

The home maintenance and repair industry is subject to constant regulatory developments. See "Regulatory Overview — Regulations on Home Maintenance and Repair Services." As such rules may be constantly evolving and would be interpreted or implemented on an ad hoc basis depending on the facts and circumstances, we cannot assure you that we are always deemed in full compliance with these local rules and we have been, and may continue to be, subject to claims, lawsuits, arbitrations, administrative actions, government investigations and other legal and regulatory proceedings, which may in turn materially and adversely affect our business, results of operations and financial condition. An evolving market may also bring forth significant evolvements in the laws and regulations and in the regulatory landscape. The PRC government may increase the level of regulatory scrutiny on platforms engaged in the home maintenance and repair industry. We cannot predict with certainty the interpretation or implementation of current laws and regulations or their future evolvement. We may fail to adapt to such evolvements timely and effectively, and we may incur significant compliance costs in this process. Any heightened regulatory scrutiny or action may impose additional obligations on us, which may divert our attention from our operations and, in turn, adversely affect our business, results of operations and financial condition.

We may engage in acquisitions, investments or strategic alliances in the future, which could require significant management attention and materially and adversely affect our business and results of operations.

We may pursue selected strategic alliances and potential strategic acquisitions that are supplemental to our business and operations, including opportunities that can help us further expand our product and service offerings and improve our technology system. However, strategic alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance or default by counterparties, and increased expenses in establishing these new alliances, any of which may materially and adversely affect our business. In addition, we may have limited ability to control or monitor the actions of our strategic partners. To the extent a strategic partner suffers any negative publicity as a result of its business operations, our reputation may be negatively affected by virtue of our association with such party.

The costs of identifying and consummating strategic acquisitions may be significant and subsequent integrations of newly acquired companies, businesses, assets and technologies would require significant managerial and financial resources and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our growth and business operations. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities and exposure to potential unknown liabilities of the acquired business. The acquired businesses or assets may not generate the financial results we expect and may incur losses. The cost and duration of integrating newly acquired businesses could also materially exceed our expectations.

RISKS RELATING TO OUR CORPORATE STRUCTURE

If the PRC government deems that the Contractual Arrangements in relation to our Consolidated Affiliated Entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these laws or regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Current PRC laws and regulations impose certain restrictions on foreign ownership of companies that engage in a number of business activities, including value-added telecommunications services and other related services. We are a company incorporated under the laws of the Cayman Islands, and WFOE, our wholly-owned PRC subsidiary, is considered a foreign-invested enterprise. To comply with PRC laws and regulations, we conduct a substantial portion of our business in China through our Consolidated Affiliated Entities. Because of the Contractual Arrangements, we are the primary beneficiary of the Consolidated Affiliated Entities and consolidate its results of operations into ours. Our Consolidated Affiliated Entities hold the licenses, approvals and key assets that are essential for our business operations.

If the PRC government finds that our Contractual Arrangements do not comply with its restrictions on foreign investment in businesses, or if the PRC government otherwise finds that we or our Consolidated Affiliated Entities are in violation of PRC laws or regulations, or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including MOFCOM and MIIT, would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income which is deemed to have been obtained through illegal operations;
- requiring us or WFOE and our Consolidated Affiliated Entities to restructure the relevant ownership structure or operations, or to re-apply for the necessary licenses, or to relocate our businesses, staff and assets;
- restricting or prohibiting our use of the [**REDACTED**] from this [**REDACTED**] or other of our financing activities to finance the business and operations of our Consolidated Affiliated Entities; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may materially and adversely affect our business, results of operations and financial condition. In addition, it is unclear whether PRC government actions would have any impact on us, and our ability to consolidate the financial results of any of our Consolidated Affiliated Entities in our consolidated financial statements, if the PRC governmental authorities find our legal structure and Contractual Arrangements to be in violation of PRC laws, rules and regulations.

We rely on the Contractual Arrangements with our Consolidated Affiliated Entities and the Registered Shareholders to exercise control over our business, which may not be as effective as direct ownership in providing operational control.

We have to rely on the Contractual Arrangements with our Consolidated Affiliated Entities and the Registered Shareholders to operate the business in areas where foreign ownership is restricted or prohibited, including the provision of certain value-added telecommunication services. The Contractual Arrangements, however, may not be as effective as direct ownership in providing us with control over our Consolidated Affiliated Entities. For example, our Consolidated Affiliated Entities and the Registered Shareholders could breach the Contractual Arrangements with us by, among other things, failing to conduct the operations of our Consolidated Affiliated Entities in an acceptable manner or taking other actions that are detrimental to our interests. Since the WFOE is not the sole shareholder of our Consolidated Affiliated Entities, under the Contractual Arrangements, we rely on the performance by our Consolidated Affiliated Entities and the Registered Shareholders of their obligations under the contracts to exercise control over our Consolidated Affiliated Entities. The Registered Shareholders may not act in the best interests of our Company or may not perform their obligations under these contracts. If any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC law and arbitration, litigation and other legal proceedings and therefore will be subject to uncertainties. See "— Any failure by the Consolidated Affiliated Entities or the Registered Shareholders to perform their obligations under the Contractual Arrangements would have a material and adverse effect on our business."

Any failure by the Consolidated Affiliated Entities or the Registered Shareholders to perform their obligations under the Contractual Arrangements would have a material and adverse effect on our business.

If our Consolidated Affiliated Entities or the Registered Shareholders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend additional resources to enforce such arrangements. For example, if the Registered Shareholders were to refuse to transfer their equity interests in our Consolidated Affiliated Entities to us or our designee if we exercise the purchase option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations. In addition, if any third parties claim any interest in such shareholders' equity interests in our Consolidated Affiliated Entities, our ability to exercise shareholders' rights or foreclose the share pledge according to the Contractual Arrangements may be impaired. If these or other disputes between the Registered Shareholders and third parties were to impair our control over our Consolidated Affiliated Entities, our ability to consolidate the financial results of our Consolidated Affiliated Entities would be affected, which would in turn materially and adversely affect our business, operations and financial condition.

All the agreements under the Contractual Arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC law and any disputes would be resolved in accordance with PRC legal procedures. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of Consolidated Affiliated Entities should be interpreted or enforced under PRC law. We cannot predict the ultimate outcome of such arbitration should arbitral proceedings become necessary. In addition, under PRC law, rulings by arbitrators are final, parties cannot appeal the arbitration results in courts, and if the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and time. In the event we are unable to enforce the Contractual Arrangements, or if we suffer significant delay or other obstacles in the process of enforcing the Contractual Arrangements, we may not be able to exert effective control over our Consolidated Affiliated Entities, and our ability to conduct our business may be adversely affected.

The Registered Shareholders, directors and executive officers of the Consolidated Affiliated Entities, as well as our employees who execute other strategic initiatives, may have potential conflicts of interest with our Company.

The Registered Shareholders, directors and executive officers of our Consolidated Affiliated Entities may have actual or potential conflicts of interest with us. Although these individuals are contractually obligated, or obligated as a result of their fiduciary duty to our Company, to act in good faith and in our best interest, they still have potential conflicts of interest with us. For example, occasions may arise when the fiduciary duties these individuals owe to us under Cayman Islands law conflict with the fiduciary duties they owe to our PRC entities under PRC law. Under Cayman Islands law, a director is not released from his or her fiduciary duties owed to us as a director of our Company, and his or her obligation to discharge such duties is not affected by any other duties that such director owes or interests which such director may have, including as a director or shareholder of another company, such as our consolidated affiliated entities. In addition, these individuals may breach, or cause our Consolidated Affiliated Entities to breach, or refuse to renew, the existing Contractual Arrangements and our Consolidated Affiliated Entities, which would materially and adversely affect our ability to effectively control our Consolidated Affiliated Entities and receive economic benefits from them. For example, the Registered Shareholders may be able to cause our agreements with our Consolidated Affiliated Entities to be performed in a manner adverse to us by, among other things, failing to remit payments due under the Contractual Arrangements to us on a timely basis. We cannot assure you that when conflicts of interest arise any or all of Registered Shareholders will act in the best interests of our Company or that such conflicts will be resolved in our favor.

Currently, we do not have any arrangements to address potential conflicts of interest between the Registered Shareholders and our Company, except that we could exercise our purchase option under the exclusive call option agreements with the Registered Shareholders to request them to transfer all of their equity interests in the Consolidated Affiliated Entities to a PRC entity or individual designated by us, to the extent permitted by PRC law. The Registered Shareholders have executed powers of attorney to appoint our WFOE to vote on their behalf and exercise voting rights as shareholders of our Consolidated Affiliated Entities. If we cannot resolve any conflict of interest or dispute between us and the Registered Shareholders, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

The Registered Shareholders, directors and executive officers of our Consolidated Affiliated Entities may be involved in personal disputes with third parties or other incidents that may adversely affect their respective equity interests in our Consolidated Affiliated Entities and the validity or enforceability of the Contractual Arrangements. For example, in the event that any individual shareholder of our Consolidated Affiliated Entities divorces his or her spouse, the spouse may claim that the equity interest of our Consolidated Affiliated Entities held by such shareholder is part of his or her community property and should be divided between such shareholder and his or her spouse. If such claim is supported by the court, the relevant equity interest may be obtained by the shareholder's spouse or another third party who is not subject to obligations under the Contractual Arrangements, which could result in a loss of the effective control over our Consolidated Affiliated Entities by us. Similarly, if any of the equity interests of our Consolidated Affiliated Entities is inherited by a third party with whom the current Contractual Arrangements are not binding, we could lose our control over our Consolidated Affiliated Entities or have to maintain such control by incurring unpredictable costs, which could cause significant disruption to our business and operations and harm our financial condition and results of operations.

Although under our current Contractual Arrangements, (i) each Registered Shareholder's spouse has executed spousal consent letters under which the spouse agrees not to assert any rights over the equity interest in our Consolidated Affiliated Entities held by these shareholders, and (ii) it is expressly provided that our Consolidated Affiliated Entities and the Registered Shareholders shall not assign any of their respective rights or obligations to any third party without the prior written consent of our WFOE or other party designated by WFOE, we cannot assure you that these undertakings and arrangements will be complied with or effectively enforced. In the case that any of them is breached or becomes unenforceable and leads to legal proceedings, it could disrupt our business, distract our management's attention and the outcome of such legal proceedings may be unpredictable.

The interpretation and implementation of the Foreign Investment Law may be subject to changes from time to time, and it remains to be seen how it may impact the viability of our current corporate structure and business operations.

On March 15, 2019, the National People's Congress of the PRC promulgated the Foreign Investment Law (《中華人民共和國外商投資法》), which took effect on January 1, 2020. Along with the Foreign Investment Law, the Regulations on the Implementation of Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and the Interpretation on Several Issues Concerning the Application of the Foreign Investment Law of the PRC promulgated by the Supreme People's Court (《最高人民法院關於適用<中華人民共和國外商投資法>若干問題的解釋》) also took effect on January 1, 2020. The Foreign Investment Law does not explicitly classify whether Consolidated Affiliated Entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. However, it has a catch-all provision under the definition of "foreign investment" that includes investments made by foreign investors in China through other means as provided by laws, administrative regulations or other methods prescribed by the State Council. We cannot guarantee that future laws and regulations will not recognize contractual arrangements as a form of foreign investment and there can be no assurance that our control over our Consolidated Affiliated Entities through contractual arrangements will not be deemed as foreign investment in the future.

The Foreign Investment Law grants national treatment to foreign-invested entities, except for those foreign-invested entities that operate in industries specified as either "restricted" or "prohibited" from foreign investment in the Special Administrative Measures for Access of Foreign Investments (Negative List) (2021 Version) (《外商投資准入特別管理措施(負面清單)》(2021年版)), or the Negative List, jointly promulgated by the MOFCOM and the NDRC, and took effect on January 1, 2022. The Foreign Investment Law provides that (i) foreign-invested entities operating in "restricted" industries are required to obtain market entry clearance and other approvals from relevant PRC government authorities; (ii) foreign investors shall not invest in any industries that are "prohibited" under the Negative List. We operate our value-added telecommunications services, a restricted item under the Negative List, through our Consolidated Affiliated Entities. See "Contractual Arrangements" for more details. If our control over our Consolidated Affiliated Entities through the Contractual Arrangements is deemed as foreign investment in the future, and any business of our Consolidated Affiliated Entities is "restricted" or "prohibited" from foreign investment under the "negative list" effective at the time, we may be deemed to be in violation of the Foreign Investment Law, the Contractual Arrangements that allow us to have control over our Consolidated Affiliated Entities may be deemed as invalid and illegal, and we may be required to unwind such Contractual Arrangements and/or restructure our business operations, any of which may materially and adversely affect our business operation.

Furthermore, if future laws, administrative regulations or provisions mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. Failure to take timely and appropriate measures to cope with any of these or similar regulatory compliance challenges could materially and adversely affect our current corporate structure and business operations.

We may lose the ability to use, or otherwise benefit from, the licenses, approvals, and assets held by our Consolidated Affiliated Entities that are material to our business operations, which could, render us unable to conduct some or all of our business operations and constrain our growth.

Our Consolidated Affiliated Entities hold certain assets that may be critical to the operation of our business. If the Registered Shareholders breach the Contractual Arrangements and voluntarily liquidate our Consolidated Affiliated Entities, or if any of our Consolidated Affiliated Entities declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, financial condition and results of operations. In addition, if any of our Consolidated Affiliated Entities undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its assets, thereby hindering our ability to operate our business, which could materially or adversely affect our business, financial condition and results of operations.

***The Contractual Arrangements with the Consolidated Affiliated Entities may be subject to scrutiny by the tax authorities in China. Any adjustment of related party transaction pricing could cause additional taxes, and therefore substantially reduce our consolidated profit and the value of your* [REDACTED].**

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or scrutiny by the PRC tax authorities. We could face material and adverse tax consequences if the PRC tax authorities determine that the Contractual Arrangements in relation to our Consolidated Affiliated Entities were not entered into on an arm's-length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, rules and regulations, and adjust the taxable income of our Consolidated Affiliated Entities in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by our Consolidated Affiliated Entities for PRC tax purposes, which could in turn increase its tax liabilities without reducing our PRC subsidiaries' tax expenses. In addition, the PRC tax authorities may impose late payment fees and other penalties on our Consolidated Affiliated Entities for the adjusted but unpaid taxes according to the applicable regulations. Our financial position could be materially and adversely affected if our Consolidated Affiliated Entities' tax liabilities increase or if it is required to pay late payment fees and other penalties.

We conduct our business operations in China through the Consolidated Affiliated Entities by way of contractual arrangements. However, certain terms of our Contractual Arrangements may not be enforceable under PRC laws and regulations.

The Contractual Arrangements provide for dispute resolution by way of arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in China. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of our Consolidated Affiliated Entities, injunctive relief and/or order the winding up of the Consolidated Affiliated Entities. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Consolidated Affiliated Entities in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC. PRC laws allow the arbitral body to grant an award of transfer of assets of or equity interests in the Consolidated Affiliated Entities in favor of an aggrieved party. In the event of non-compliance with such award, enforcement measures may be sought from the court. However, the court may or may not support the award of an arbitral body when deciding whether to take enforcement measures.

Under PRC laws, courts of judicial authorities in the PRC generally would not grant injunctive relief or the winding-up order against our Consolidated Affiliated Entities as interim remedies for the purpose of protecting assets or equity interests in favor of any aggrieved party. In case the Contractual Arrangements provide that courts in competent jurisdictions may grant and/or enforce interim remedies or in support of arbitration, such interim remedies (even if granted by courts in competent jurisdictions in favor of an aggrieved party) may still not be recognized, or enforced by PRC courts. As a result, in the event that our Consolidated Affiliated Entities or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected.

If we exercise the option to acquire equity ownership of the Consolidated Affiliated Entities, the ownership transfer may subject us to certain limitations and substantial costs.

We may incur substantial cost in the exercise of the option to acquire the equity interests in or assets of our Consolidated Affiliated Entities. Pursuant to the Contractual Arrangements, WFOE has the exclusive right to require the Registered Shareholders to transfer their equity interests in the Consolidated Affiliated Entities or to require the Consolidated Affiliated Entities to transfer its assets, in whole or in part, to WFOE or a third party designated by WFOE at any time and from time to time, at the lowest price allowed under PRC laws and regulations at the time of transfer. If the relevant PRC authorities determine that the purchase prices for acquiring the equity interests and assets of our Consolidated Affiliated Entities are below the market value, they may require WFOE to pay enterprise income tax, value-added tax and other applicable taxes with reference to the fair value of such assets instead of the price as stipulated under the Contractual Arrangements, in which case WFOE may be subject to a substantial amount of tax and our financial condition may be materially and adversely affected.

RISKS RELATING TO GOVERNMENT REGULATIONS

Changes in the political and economic policies, as well as the evolving laws, rules and regulations, may affect our business, financial condition, results of operations and prospects.

Our operations are mainly conducted in China. Accordingly, our results of operations, financial condition and prospects are subject to political, economic, social and legal developments in China. Our business has been and will continue to be affected by the PRC's economy, which in turn is continuously influenced by the global economy. Uncertainties in the global economy and the political environment around the world would also affect China's economic growth. It may be difficult for us to predict all the risks that we could face as a result of the current economic, political, social and regulatory development and many of these risks are beyond our control. Failure to respond to such development and risks could materially affect our business operations and financial performance.

The PRC legal system is evolving, and failure to respond to such evolvement could affect us.

We conduct our business primarily through our subsidiaries and Consolidated Affiliated Entities in China. Our operations in China are governed by PRC laws and regulations. The legislation in China and the PRC legal system has continued to evolve over the past few decades and the PRC government has made significant progress in promulgating laws and regulations related to economic affairs and matters, for example, such laws and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, many of these laws and regulations are relatively new, and we may need to take certain corresponding measures to maintain our regulatory compliance, such as adjusting the relevant business or transactions and introducing compliance experts and talents, which may incur additional related costs and impact on our business. Any failure to respond to evolvement in the regulatory environment in China could materially affect our business and impede our ability to continue our operations.

Any failure to comply with PRC regulations regarding the registration requirements for employee share incentive plans may subject us to fines and other legal or administrative sanctions, which could adversely affect our business, financial condition and results of operations.

In February 2012, the SAFE promulgated the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Companies (the "SAFE Circular 7", 《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》). Under SAFE Circular 7 and other relevant rules and regulations, PRC residents who participate in a stock incentive plan in an overseas publicly-listed company are required to register with the SAFE or its local branches or commercial banks and complete certain other procedures.

Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent, which could be a PRC subsidiary of the overseas publicly listed company or another qualified institution selected by a PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. The participants must also retain an overseas entrusted institution to manage matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend its SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes.

We and our PRC employees who may be granted options and/or restricted share units will be subject to these regulations upon the completion of this [**REDACTED**]. Failure to complete their SAFE registrations may subject these PRC residents to fines of up to RMB300,000 for entities and up to RMB50,000 for individuals, as well as legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise materially and adversely affect our business.

In addition, SAT and MOFCOM have issued certain circulars with respect to employee share option. Under these circulars, our employees working in China will be subject to PRC individual income tax if they exercise share options. Our PRC subsidiaries have the obligation to file documents relating to the employee share options with the relevant tax authorities and may be required to withhold individual income tax for those employees. If our employees fail to pay income tax, or if we fail to make the filing according to the relevant laws and regulations or withhold income tax in any case as required, we may face sanctions imposed by the relevant tax authorities.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our Shareholders and have a material adverse effect on our results of operations and the value of your [**REDACTED**]**.**

Under the People's Republic of China on Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) (the "EIT Law"), an enterprise established outside of the PRC with a "de facto management body" within China is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, production, personnel, accounts and properties of an enterprise. On April 22, 2009, the SAT issued a circular, known as Circular 82, which was last amended on December 29, 2017. Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by

PRC individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seal, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to whether we would be deemed as an entity having our "de facto management body" in China. As a majority of our management members are based in mainland China, it remains unclear how the tax residency rule will apply to our case. If the PRC tax authorities determine that our Company or any of our subsidiaries outside of the PRC is a PRC resident enterprise for PRC enterprise income tax purposes, our Company or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could materially reduce our net profit. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, gains realized on the sale or other disposition of our ordinary shares may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our Company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your [**REDACTED**] in our company.

We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or our financial condition.

We are a holding company, and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries and remittances from our Consolidated Affiliated Entities, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our ordinary shares and service any debt we may incur. If our PRC subsidiaries or our Consolidated Affiliated Entities incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in China may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory surplus reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At the discretion of shareholders of the wholly foreign-owned enterprise, it may make further contribution to the surplus reserve using its after-tax profits based on PRC accounting standards. These surplus reserve funds are not distributable as cash dividends. Any limitation on the ability of our Consolidated Affiliated Entities to make remittance to our wholly-owned PRC subsidiaries or on the ability of our wholly-owned PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Governmental regulations on currency exchange may limit our ability to utilize our revenue effectively.

The convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China are subject to PRC foreign exchange regulations. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

The PRC government may regulate cross-border transactions falling under capital account. We receive substantially all of our revenue in RMB, and if we fail to meet the requirements of foreign exchange regulations in the PRC, our ability to pay dividends in foreign currencies to our shareholders, including holders of our Shares, may be limited. PRC regulations relating to offshore investment activities by PRC residents may establish regulatory procedural requirements on PRC subsidiaries for increasing their registered capital or distribute profits to us or otherwise exposing us or our PRC resident beneficial owners to liability and penalties under PRC law.

In July 2014, SAFE promulgated the Circular of the SAFE on Foreign Exchange Administration of Equity Financing and Round-Trip Investments by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局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》) ("Circular 37"). Circular 37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals with a habitual residence in China due to economic interests) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as changes of the offshore special purpose vehicle's name and operational term, or any significant changes with respect to the PRC individual shareholder, such as the increase or decrease of capital contributions, share transfer or exchange, or mergers or divisions. Circular 37 is applicable to our shareholders who are PRC residents.

If our shareholders who are PRC residents fail to make the required registration or to update the previously filed registration, our PRC subsidiaries may be prohibited from distributing their profits or the proceeds from any capital reduction, share transfer or liquidation to us, and we may also be prohibited from making additional capital contributions into our PRC subsidiaries. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on 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》) ("Notice 13"), effective from June 2015, and further amended by SAFE on December 30, 2019. Under Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound overseas direct investments, including those required under Circular 37, will be filed with qualified banks instead of SAFE. The qualified banks will directly examine the applications and accept registrations under the supervision of SAFE.

As of the Latest Practicable Date, to the best of our knowledge, our shareholders had complied with the requirements as stipulated under Circular 37 in all material aspects. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our Company, and we cannot provide any assurance that these PRC residents will comply with our request to make or obtain any applicable registrations or continuously comply with all requirements under Circular 37 or other related rules. The failure or inability of the relevant shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, such as restrictions on our cross-border investment activities, on the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may cause delay in using the* [REDACTED] *of the* [REDACTED] *to make loans or additional capital contributions to our PRC subsidiaries or Consolidated Affiliated Entities, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

We may transfer funds to our PRC subsidiaries or finance our PRC subsidiaries by means of shareholders' loans or capital contributions after completion of the [**REDACTED**]. Any loans to our PRC subsidiaries, which are foreign-invested enterprises, or FIEs, cannot exceed a statutory limit, and shall be filed with SAFE or its local counterparts after the loan agreement is signed. Any medium or long term loan exceeding one year to be provided by us to our Consolidated Affiliated Entities must be recorded and registered by the NDRC and the SAFE or its local branches.

Furthermore, any capital contributions we make to our PRC subsidiaries shall be subject to the requirement of making necessary filings or reports in the Foreign Investment Comprehensive Management Information System, and registration with a local bank authorized by SAFE. We may not be able to obtain these government registrations or approvals, or complete these government filings on a timely basis, if at all. If we fail to receive such registrations or approvals or complete such filings, our ability to provide loans or capital contributions to our PRC subsidiaries and Consolidated Affiliated Entities in a timely manner may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

On March 30, 2015, SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》), or Circular 19. On June 9, 2016, SAFE further issued the Circular of the State Administration of Foreign Exchange on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》), or Circular 16, which, among other things, amended certain provisions of Circular 19. According to Circular 19 and Circular 16, FIEs are allowed to settle 100% of their foreign exchange capitals and foreign debts from foreign currency into Renminbi on a discretionary basis, and the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. If our Consolidated Affiliated Entities require financial support from us or our PRC subsidiaries in the future, and we find it necessary to use foreign currency-denominated capital to provide such financial support, our ability to fund our Consolidated Affiliated Entities' operations will be subject to statutory limits and restrictions, including those described above. The applicable foreign exchange circulars and rules may limit our ability to transfer the [**REDACTED**] from the [**REDACTED**] to our PRC subsidiaries and convert the [**REDACTED**] into Renminbi, which may adversely affect our business, financial condition and results of operations.

We may be materially affected if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

Pursuant to the Circular on Relevant Issues Concerning Foreign Exchange Administration for Financing and Round-trip Investments by Domestic Residents through Offshore Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》), or the SAFE Circular 75, promulgated by the SAFE and effective on November 1, 2005, a PRC resident must register with the local SAFE branch prior to establishing or controlling an overseas special purpose vehicle. SAFE issued 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 (《國家外匯管理局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》), or the SAFE Circular 37, effective on July 4, 2014 and replaced the SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and institutions, to register with SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such PRC residents must update their foreign exchange registrations with SAFE or its local branches when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC individual shareholder, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder holding interest in an offshore special purpose vehicle, who is a PRC resident as determined by SAFE Circular 37, fails to fulfill the required foreign exchange registration with the local SAFE branches, the PRC subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the offshore special purpose vehicle may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange regulations.

On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice 13, effective on June 1, 2015. In accordance with SAFE Notice 13, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, including those required under SAFE Circular 37, with qualified banks, instead of SAFE. The qualified banks, under the supervision of SAFE, directly examine the applications and conduct the registration.

We may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and therefore, we may not be able to identify all our shareholders or beneficial owners who are PRC residents to ensure their compliance with SAFE Circular 37 or other related rules. In addition, we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules in a timely manner. Even if our shareholders and beneficial owners who are PRC residents comply with such request, we cannot provide any assurance that they will successfully obtain or update any registration required by SAFE Circular 37 or other related rules in a timely manner due to many factors, including those beyond our and their control. If any of our shareholders who is a PRC resident as determined by SAFE Circular 37 fails to fulfill the required foreign exchange registration, our PRC subsidiaries may be prohibited from distributing their profits and dividends to us or from carrying out other subsequent cross-border foreign exchange activities, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries, which may adversely affect our business.

The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

A number of PRC laws and regulations, including the M&A Rules, the Anti-monopoly Law (《中華人民共和國反壟斷法》) promulgated by the SCNPC in August 2007, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by MOFCOM in August 2011, have established procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. These include requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise and that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review. Moreover, the Anti-Monopoly Law requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds be cleared by relevant government authorities before they can be completed. On February 7, 2021, the Anti-monopoly Commission of the State Council of the PRC (國務院反壟斷委員會) issued the Anti-Monopoly Guidelines for the Internet Platform Economy Sector (關於平台經濟領域的反壟斷指南) that specifies some of activities of internet platforms may be identified as monopolistic, and concentrations of undertakings involving variable interest entities are subject to anti-monopoly scrutiny as well. According to the Anti-monopoly Law most recently amended on June 24, 2022 and effective from August 1, 2022, business operators shall not abuse data, algorithms, technology, capital advantages and platform rules to exclude or limit competition. The Anti-monopoly Law also requires relevant government authorities strengthen the examination of concentration of undertakings in areas such as finance, media, science and technology, and enhances penalties for violation of the regulations regarding concentration of undertakings.

We have grown and may continue to grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts and other government authorities, may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

You may experience difficulties in effecting service of legal process or enforcing foreign judgments against us, our executive Directors or senior management.

Most of our assets are situated in mainland China and most of our Directors and officers named in this Document reside in mainland China. As a result, it may be difficult to effect service of process outside mainland China upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. Mainland China does not have treaties providing for the reciprocal recognition and enforcement of judgment of courts with the United States, the United Kingdom and many other countries and regions. Consequently, recognition and enforcement in the PRC of judgments of a court in these jurisdictions may be difficult, the outcomes of which are often unpredictable.

On July 14, 2006, Hong Kong and mainland China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "2006 Arrangement"), and promulgated on July 3, 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in mainland China. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the 2006 Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in mainland China if the parties in dispute have not agreed to enter into a choice of court agreement in writing.

On January 18, 2019, the Supreme People's Court of the PRC and the government of the Hong Kong Special Administrative Region entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "2019 Arrangement"), which seeks to establish a bilateral legal mechanism that provides clarity and certainty for the recognition and enforcement of judgments in a wider range of civil and commercial matters between Hong Kong and mainland China, based on criteria other than a written choice of court agreement. Under the 2019 Arrangement, any party concerned may apply to the relevant PRC court or Hong Kong court for recognition and enforcement of the effective judgments in civil and commercial cases subject to the conditions set forth in the 2019 Arrangement. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant PRC court. However, we cannot assure you that all final judgments will be recognized and effectively enforced by the relevant PRC court.

RISKS RELATING TO THE [REDACTED]

There has been no public market for our Shares prior to the* [REDACTED]*, and you may not be able to resell our Shares at or above the* [REDACTED] *you pay, or at all.

Prior to the completion of the [**REDACTED**], there has been no public market for our Shares. There can be no guarantee that an active [**REDACTED**] market for our Shares will develop or be sustained after completion of the [**REDACTED**]. The [**REDACTED**] is the result of negotiations between our Company and the [**REDACTED**] (for themselves and on behalf of the [**REDACTED**]), which may not be indicative of the [**REDACTED**] at which our Shares will be [**REDACTED**] following completion of the [**REDACTED**]. The [**REDACTED**] of our Shares may drop below the [**REDACTED**] at any time after completion of the [**REDACTED**].

***The* [REDACTED] *and* [REDACTED] *volume of our Shares may be volatile which could result in substantial losses for* [REDACTED] *our Shares in the* [REDACTED].**

The [**REDACTED**] of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the [**REDACTED**] of and [**REDACTED**] for our Shares. A number of China-based companies have listed their securities, and some are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards China-based companies listed in Hong Kong and consequently may impact the [**REDACTED**] of our Shares. These broad market and industry factors may significantly affect the [**REDACTED**] and [**REDACTED**] of our Shares, regardless of our actual operating performance. In addition, short seller reports attacking us could also negatively impact the [**REDACTED**] of our Shares. Public companies that have substantially all of their operations in China have been the subject of short selling, and much of the scrutiny and negative publicity has centered on allegations in areas such as financial reporting, accounting and corporate governance. If we cannot respond timely to the allegations in the short seller reports, the [**REDACTED**] of our Shares will continue to fluctuate significantly after such attack. Further, regardless of whether such allegations are grounded, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves.

The actual or perceived* [REDACTED] *or availability for* [REDACTED] *of substantial amounts of our Shares, especially by our directors, executive officers and substantial shareholders, could materially and adversely affect the prevailing* [REDACTED] *of our Shares.

Future [**REDACTED**] of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such [**REDACTED**], could negatively impact the [**REDACTED**] of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our substantial shareholders are subject to certain lock-up periods beginning on the date on which [**REDACTED**] in our Shares commences on the Stock Exchange. While we are currently not aware of any intention of such persons to [**REDACTED**] significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not [**REDACTED**] of any Shares they may own now or in the future. [**REDACTED**] of Shares by such shareholders and the availability of these Shares for [**REDACTED**] may have negative impact on the [**REDACTED**] of our Shares.

[REDACTED] *of our Shares in the* [REDACTED] *will experience immediate and substantial dilution and may experience further dilution if we* [REDACTED] *additional Shares in the future.*

As the [**REDACTED**] of our Shares is higher than the net tangible book value per Share immediately prior to the [**REDACTED**], [**REDACTED**] of our Shares in the [**REDACTED**] will experience an immediate dilution. If we [**REDACTED**] additional Shares in the future, [**REDACTED**] of our Shares in the [**REDACTED**] may experience further dilution in their shareholding percentage.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the* [REDACTED] *and* [REDACTED] *for our Shares could decline.

The [**REDACTED**] for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If research analysts do not establish and maintain adequate research coverage or if one or more analysts who cover us downgrade our Shares or publish inaccurate or unfavorable research about our business, the [**REDACTED**] for our Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the [**REDACTED**] or [**REDACTED**] for our Shares to decline.

***We have no experience operating as a* [REDACTED].**

We have no experience conducting our operations as a [**REDACTED**]. After we become a [**REDACTED**], we may face enhanced administrative and compliance requirements, which may result in substantial costs. In addition, since we are becoming a [**REDACTED**], our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to [**REDACTED**], including requirements relating to corporate governance, listing standards and securities and investor relationships issues. As a [**REDACTED**], our management will have to evaluate our internal controls system with new thresholds of materiality, and to implement necessary changes to our internal controls system. We cannot guarantee that we will be able to do so in a timely and effective manner.

***We cannot assure you that we will declare and distribute any amount of dividends in the future and you may have to rely on price appreciation of our Shares for return on your* [REDACTED].**

We did not declare or distribute dividends to our shareholders during the Track Record Period. We may pay cash dividends on our ordinary shares in the foreseeable future. There can be no assurance that we will declare and distribute any amount of dividends in the future. Therefore, you should not rely on an [**REDACTED**] in our Shares as a source for any future dividend income.

Our board of directors has discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our Company may only pay dividends either out of profits or share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your [**REDACTED**] in our Shares will likely depend entirely upon any future price appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the price at which you purchased the Shares. You may not realize a return on your [**REDACTED**] in our Shares and you may even lose your entire [**REDACTED**] in our Shares.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under the laws of the Cayman Islands than other jurisdictions, you may have difficulties in protecting your shareholder rights.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Act and common law of the Cayman Islands. The rights of Shareholders to take legal action against our Directors and us, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes and judicial precedent in existence in the jurisdictions where minority Shareholders may be located, see "Summary of the Constitution of the Company and Cayman Islands Companies Law" in Appendix IV to this Document. As a result of all of the above, minority Shareholders may have difficulties in protecting their interests under the laws of the Cayman Islands through actions against our management, Directors or our major Shareholders, which may provide different remedies to minority Shareholders when compared to the laws of the jurisdiction in which such shareholders are located.

Our Controlling Shareholders have significant influence over our Company and their interests may not be aligned with the interests of our other Shareholders.

Immediately upon the completion of the [**REDACTED**], without taking into account any Shares which may be issued pursuant to the exercise of the [**REDACTED**], our Controlling Shareholders will collectively control approximately [**REDACTED**]% of the voting power at general meetings of our Company. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional Shares or other equity securities, timing and amount of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the [**REDACTED**] of our Shares.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert reports, contained in this Document.

This Document, particularly the section headed "Industry Overview," contains information and statistics relating to the home maintenance and repair industry in China . Such information and statistics have been derived from various government publications, other third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. We believe that the sources of the information are appropriate sources for such information, and we have taken reasonable care in extracting and reproducing such information. However, the information from official government sources has not been independently verified by us, the Joint Sponsors, any of our or their respective directors, officers or representatives or any other person involved in the [**REDACTED**], and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. Accordingly, the information from official government sources contained herein should not be unduly relied upon. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

***You should read the entire document carefully and should not rely on any information contained in press articles or other media regarding us and the* [REDACTED].**

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this Document, there has been press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this Document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this Document, we disclaim responsibility for it and you should not rely on such information.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This Document contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, and growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters.

The words "anticipate," "believe," "could," "potential," "continue," "expect," "intend," "may," "plan," "seek," "will," "would," "should" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward-looking statements, including, among others, those relating to our future business prospects, capital expenditure, cash flows, working capital, liquidity and capital resources are necessary estimates reflecting the best judgment of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in "Risk Factors" in this Document. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on any forward-looking information. All forward-looking statements in this Document are qualified by reference to this cautionary statement.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have sufficient management presence in Hong Kong, and this will normally mean that at least two of the new applicant's executive directors must be ordinarily resident in Hong Kong.

Since the headquarters and business operations of our Company are based, managed and conducted outside of Hong Kong, and all of our executive Directors and all of the senior management team do not ordinarily reside in Hong Kong, we consider that it would be practically difficult and commercially unreasonable and undesirable for our Company to arrange for two executive Directors to be ordinarily resident in Hong Kong, either by means of relocation of existing executive Directors or appointment of additional executive Directors. Our Company does not, and will not for the foreseeable future, have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules.

We will ensure that there is an effective channel of communication between us and the Stock Exchange by way of the following arrangements:

(a) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, Ms. Zhang Wenjuan, our executive Director, and Ms. AU Wai Ching, our company secretary, to be the principal communication channel at all times between the Stock Exchange and our Company. Each of them has confirmed that she can be readily contactable by phone, facsimile and email to deal promptly with enquiries from the Stock Exchange, and will also be available to meet with the Stock Exchange to discuss any matters on short notice. As and when the Stock Exchange wishes to contact the Directors on any matters, each of the authorized representatives will have means to contact all of the Directors promptly at all times. Our Company will also inform the Stock Exchange promptly in respect of any change in the authorized representatives;

(b) in addition to the appointment of the authorized representatives, to facilitate communication with the Stock Exchange, the contact details of each Director, including his or her mobile phone number, office phone number, facsimile number and email address have been provided to each of the authorized representatives, our company secretary, the Compliance Advisor (as defined below) who have means for contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact the Directors on any urgent matters, and the Stock Exchange. Furthermore, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period as and when required; and

(c) our Company has appointed Altus Capital Limited as our compliance advisor (the "Compliance Advisor") in compliance with Rule 3A.19 of the Listing Rules. The Compliance Advisor will serve as an additional channel of communication in addition to the authorized representatives of our Company. The Compliance Advisor will provide our Company with professional advice on ongoing compliance with the Listing Rules and will be available to respond to enquiries from the Stock Exchange. Our Company will ensure that the Compliance Advisor has prompt access to the Company's authorized representatives and Directors who will provide to the Compliance Advisor such information and assistance as the Compliance Advisor may need or may reasonably request in connection with the performance of the Compliance Advisor's duties. Meetings between the Stock Exchange and the Directors could be arranged through the authorized representatives or the Compliance Advisor, or directly with the Directors within a reasonable time frame. Our Company will inform the Stock Exchange as soon as practicable in respect of any change in the Compliance Advisor.

CONNECTED TRANSACTIONS

We [have] entered into, and expect to continue, certain transactions that will constitute continuing connected transactions of our Company under the Listing Rules upon [**REDACTED**]. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], waivers from strict compliance with Chapter 14A of the Listing Rules. See "Connected Transactions" for further details.

[**REDACTED**]

[REDACTED]

[REDACTED]

[**REDACTED**]

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Wang Guowei (王國偉)	Unit 28-11, Building 2 No. 19 Shidai Tianjie Yuzhong District Chongqing, China	Chinese
Mr. Zhu Hongkun (朱紅坤)	Building 23 No. 19 Yongning Road Nan'an District Chongqing, China	Chinese
Ms. Zhang Wenjuan (張文絹)	No. 33, Group 13 Wanqiao Village, Pingtan Town Tongliang District Chongqing, China	Chinese
Non-Executive Director		
Mr. Xiao Qingping (肖慶平)	Building A511, Ouluyuan Phase 3 Houshayu Area, Shunyi District Beijing, China	Chinese
Independent Non-Executive Directors		
Mr. Liu Jining (劉吉寧)	No. 1804, 11th Floor Happy Home, Chongwen District Beijing, China	Chinese
Dr. Wang Lin (王林)	No. 9-8, No. 150, Chongda Xinhua Village, Shapingba District Chongqing, China	Chinese
Mr. Li Bo (李博)	Room 302, Unit 2, Building 6 Poly Shoukai Xi Yue Chun Tian Tiangongyuan Daxing District Beijing, China	Chinese

For further information of the Directors, see "Directors and Senior Management."

PARTIES INVOLVED IN THE [REDACTED]

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central, Hong Kong
	Zhongtai International Capital Limited 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Central, Hong Kong

[REDACTED]

Legal Advisors to the Company	*As to Hong Kong law and U.S. law:* **Cooley HK** 35/F, Two Exchange Square 8 Connaught Place Central Hong Kong *As to PRC law:* **Shihui Partners** 42/F, Tower C, Beijing Yintai Centre No. 2 Jianguomenwai Avenue Chaoyang District Beijing China *As to Cayman Islands law:* **Harney Westwood & Riegels** 3501 The Center 99 Queen's Road Central Hong Kong
Legal Advisors to the Joint Sponsors and [REDACTED]	*As to Hong Kong and U.S. laws:* **Paul Hastings** 22/F, Bank of China Tower 1 Garden Road Central, Hong Kong *As to PRC law:* **Zhong Lun Law Firm** 25-26/F, South Tower of Tianfu International Finance Center 966 North Tianfu Avenue High-tech Zone Chengdu China
Reporting Accountants and Auditor	**Deloitte Touche Tohmatsu** *Certified Public Accountants and Registered Public Interest Entity Auditor* 35/F, One Pacific Place 88 Queensway Hong Kong

Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B Jingan International Center 88 Puji Road, Jingan District Shanghai, China
Compliance Adviser	**Altus Capital Limited** 21 Wing Wo Street Central, Hong Kong

[**REDACTED**]

Registered Office in the Cayman Islands	3-212 Governors Square 23 Lime Tree Bay Avenue P.O. Box 30746 Seven Mile Beach Grand Cayman KY1-1203 Cayman Islands
Headquarters and Principal Place of Business in the PRC	Building 8, No. 2 Huizhu Road Yubei District Chongqing, China
Principal Place of Business in Hong Kong	40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Company Website	**www.woodpeckermaintenance.com**
Company Secretary	**Ms. Au Wai Ching (區慧晶)** *ACIS, ACS* 40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Ms. Zhang Wenjuan (張文絹)** Building 8, No. 2 Huizhu Road Yubei District Chongqing, China **Ms. Au Wai Ching (區慧晶)** 40th Floor, Dah Sing Financial Centre 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Mr. Liu Jining (劉吉寧) *(Chairperson)* Dr. Wang Lin (王林) Mr. Li Bo (李博)
Remuneration Committee	Mr. Li Bo (李博) *(Chairperson)* Dr. Wang Lin (王林) Ms. Zhang Wenjuan (張文絹)

Nomination Committee	Mr. Wang Guowei (王國偉) *(Chairperson)* Dr. Wang Lin (王林) Mr. Liu Jining (劉吉寧)

[**REDACTED**]

Compliance Adviser	**Altus Capital Limited** 21 Wing Wo Street Central, Hong Kong
Principal Banks	**Industrial and Commercial Bank of China (Shiyou Road Branch)** 1-3, No. 45, Dapingzheng Street Yuzhong District Chongqing, China
	China CITIC Bank (Chongqing Yuzhong Branch) No. 56, Qingnian Road Yuzhong District Chongqing, China
	China CITIC Bank (Zhengzhou Branch) No. 1, Business Inner Ring Road Zhengdong New District Zhengzhou City Henan Province, China

The information and statistics set out in this section and other sections of this document were extracted from the report prepared by CIC, which was an independent industry report commissioned by us, and from various official government publications and other publicly available publications. We believe that the sources of the information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information from official government sources has not been independently verified by us, or any of our directors and advisors, or any other persons or parties involved in the [**REDACTED**]*, and no representation is given as to its accuracy, fairness and completeness. For discussions of risks relating to our industries, see "Risk Factors — Risks Relating to Our Business and Industry."*

SOURCES OF INFORMATION

We engaged CIC, an independent market research consultant, to conduct an analysis of, and to prepare a report on, the home maintenance and repair market in China for use in this document (the "CIC Report"). We have agreed to pay a fee of RMB639,000 to CIC in connection with the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as in "Summary," "Risk Factors," "Business," "Financial Information," and elsewhere in this document to provide our potential [**REDACTED**] with a more comprehensive presentation of the industries where we operate.

During the preparation of the CIC Report, CIC performed both primary and secondary research, and obtained knowledge, statistics, information, and industry insights on the industry trends of the home maintenance and repair market in China. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources, such as the PRC National Bureau of Statistics and various industry associations. The information and data collected by CIC has been analyzed, assessed, and validated using CIC's in-house analysis models and techniques.

The CIC Report was compiled based on the following assumptions: (i) the overall social, economic, and political environment in China is expected to remain stable during the forecast period, (ii) related key industry drivers are likely to continue driving growth in the home maintenance and repair industry during the forecast period, including the continually increasing internet penetration rate in China, consumers' increasing willingness to use online platforms to find home maintenance and repair services, and supporting government policies and regulations, and (iii) there will be no extreme force majeure or unforeseen industry regulations in which the market may be affected in either a dramatic or fundamental way during the forecast period.

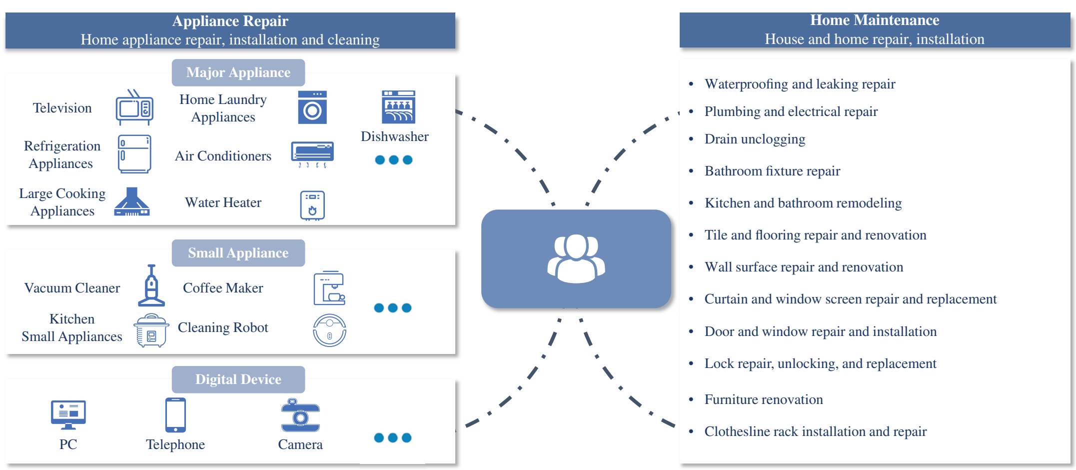
THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE AND THAT THE INFORMATION MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

OVERVIEW OF CHINA'S HOME MAINTENANCE AND REPAIR INDUSTRY

Definition and Categorization of Home Maintenance and Repair Services

Home maintenance and repair services encompass a wide range of services that cater to the various needs of consumers in daily family life, including installation, repair and maintenance services for houses, appliances, furniture and other home facilities that fall outside warranty coverage. These services comprise two main categories: appliance repair and home maintenance. The following diagram illustrates the categorization of home maintenance and repair services in China.

Categorization of Home Maintenance and Repair Services in China



Source: CIC Report

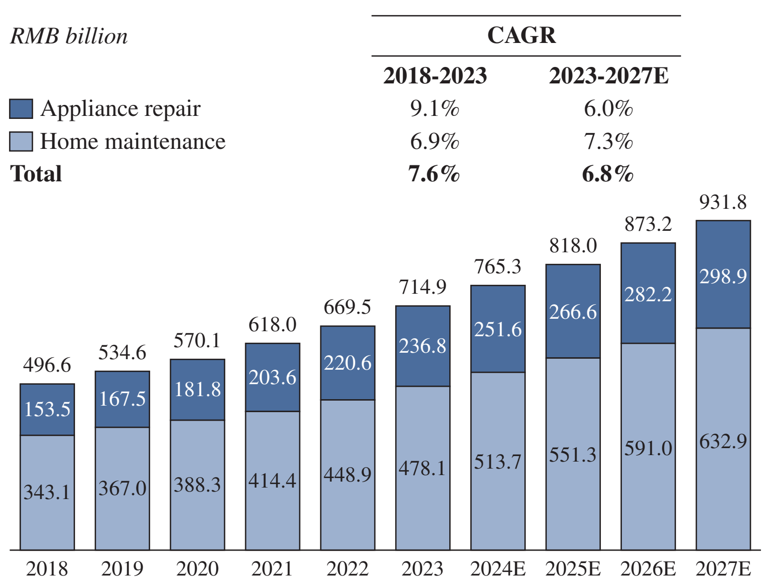
There are numerous players operating in the home maintenance and repair market, including both original brand owners and third-party service providers. Original brand owners, such as major appliance or home product manufacturers, provide ancillary maintenance and repair services mainly as an effort to promote their own brand image and product sales. Generally, maintenance and repair services are not the main source of revenue of the original brand owners. By contrast, third-party service providers, which include both independent companies and individuals, specialize in maintenance and repair services. Adopting various service models, third-party service providers cover a broader range of maintenance and repair services, offering more flexible and diverse service options to consumers. Recent years have seen a deepen collaboration between original brand owners and third-party service providers in various areas, such as spare parts supply. Together with the trend that some original brand owners increasingly outsource their after-sales maintenance and repair services to third-party service providers, the markets of original brand owners and third-party service providers are gradually partially integrated.

Home Maintenance and Repair Market Size in China

Driven by the large and aging base of houses, appliances, furniture and other home facilities involved in consumers' daily family life, China's home maintenance and repair market grew at a CAGR of 7.6% from 2018 to 2023 with appliance repair market growing at a CAGR of 9.1% and home maintenance market growing at a CAGR of 6.9% during the same periods. According to CIC, China's home maintenance and repair market size in terms of GTV was RMB714.9 billion in 2023, and is forecasted to reach RMB931.8 billion in 2027, representing a CAGR of 6.8% from 2023 to 2027.

The following chart presents the market size of China's home maintenance and repair services for the periods indicated.

The Size of China's Home Maintenance and Repair Market



Source: CIC Report

Appliance repair market

With the increasing sophistication and intelligent development of home appliances, as well as the increasing frequency of daily use of electronic equipment, there is a growing consumer demand for appliance repair services. The size of the appliance repair market in terms of GTV was RMB236.8 billion in 2023, and is forecasted to reach RMB298.9 billion in 2027, representing a CAGR of 6.0% from 2023 to 2027.

The appliance repair market can be categorized into three sub-segments:

- *Major home appliances.* The PRC market has experienced a significant growth in the sales of major home appliances, driven by population growth, urbanization, rising disposable incomes, and improved living standards. According to the National Bureau of Statistics, as of the end of 2022, every one hundred households in China have an average of 134 air conditioners, 119 TVs, 104 refrigerators and 99 washing machines. According to CIC, this indicates a transition of the market into a mature phase. As the quantity of major home appliances continues to rise, so does the need for appliance repair. The lifespan of major home appliances generally ranges from seven to 15 years, and various faults usually occur after a few years of use, such as circuit problems, mechanical failures, and component damage. Given that the warranty period is generally one to three years, the demand for repair services is expected to steadily grow.

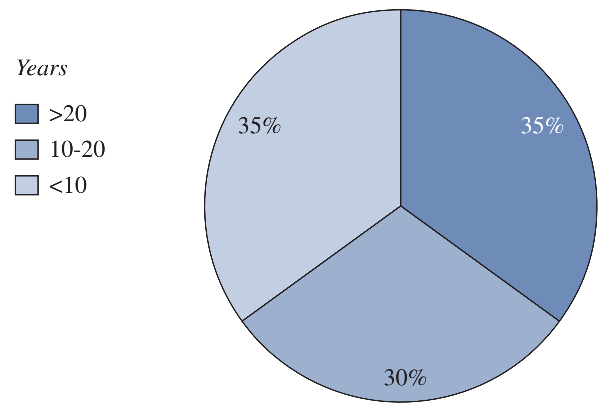
- *Small home appliances.* The growing adoption of smart homes and an improved standard of living have contributed to the increased demand for small home appliances, including sweeping robots, vacuum cleaners, coffee machines and air purifiers. As these small home appliances become more sophisticated and intelligent, their repair costs are significantly lower than their purchase prices, which makes consumers more inclined towards repair as a cost-effective option. According to CIC, the average cost of repairing high-end, smart small home appliances is generally 5%-25% of the respective purchase price. With the rising complexity of home appliances, specialized knowledge and skills are often necessary for diagnosis and maintenance, leading to a growing demand for repair services provided by professional technicians.

- *Consumer electronics.* The growth of the appliance repair market is also driven by the increasing prevalence of consumer electronic products and their extended lifespan. Technological advancements have brought forth a diverse array of appealing consumer electronic products, including smartphones, tablets and laptops. These devices have evolved into indispensable tools for communication, entertainment, productivity and overall convenience. According to CIC, Chinese people now spend an average of five hours a day on their smartphones, contributing to a higher likelihood of malfunctions. Additionally, factors like increasing prices and the extended performance of smartphones have led to a longer replacement cycle, which is expected to further fuel the demand for consumer electronics repairs.

Home maintenance market

The combination of a saturated, aging housing market and the implementation of regulatory policies aimed at revitalizing older homes is fostering the growth of the home maintenance market. The following diagram illustrates the housing age structure in China:

Housing Age Structure in China



Source: China's Seventh National Population Census

As the Chinese housing market hits saturation, the turnover of homes has slowed down, resulting in a higher prevalence of older homes. According to China's seventh national population census, more than 65% of Chinese families reside in homes constructed over a decade ago and approximately 35% of Chinese houses are at least 20 years old, which has given rise to a substantial demand for home maintenance services. Once a house reaches the ten-year mark, various aging and wear-and-tear problems may occur in different parts of the house. These issues are often beyond the scope of do-it-yourself repairs and necessitate the expertise of professional technicians for targeted maintenance. Houses in use for more than 20 years exhibit serious aging circuits, worn-out water pipes, deformed doors and windows, and other problems that affect occupants' personal safety and living experience. This leads to extensive repair demands, including wall renovations, kitchen and bathroom upgrades, and electrical system overhauls.

In addition, the PRC government has rolled out policies in recent years promoting the renovation of old urban residential compounds to enhance safety and living standards, such as Guiding Opinions on Comprehensively Promoting the Renovation of Old Urban Residential Compounds (《關於全面推進城鎮老舊小區改造工作的指導意見》) and the Notice on Several Measures to Promote Household Consumption promulgated by the Ministry of Commerce and other 12 authorities (《商務部等13部門關於促進家居消費若干措施的通知》), along with making age-friendly home renovation for the elderly. While home maintenance platforms or service providers, including us, usually do not engage in full home renovation, they provide various home maintenance or improvement services with an aim of making smaller changes or upgrades to specific areas or aspects of a home without undertaking a comprehensive overhaul of the entire property. Such services typically include wall surface repair and renovation, flooring replacement, and bathroom refresh, which are particularly needed by old urban residential compounds. Government policies support these efforts as a societal imperative, encouraging families to undertake home maintenance and upgrades. Consequently, these policies could stimulate market demand for home maintenance and repair services, a sector to which we are dedicated. The size of the home maintenance market in terms of GTV is expected to grow from RMB478.1 billion in 2023 to RMB632.9 billion in 2027, representing a CAGR of 7.3%.

Challenges in China's Home Maintenance and Repair Industry

Although the industry has experienced significant growth over the past five years, it is currently encountering various challenges in terms of supply and demand.

Challenges on the supply side

- *Lack of technical skills.* Technicians providing home maintenance and repair services in China generally lack systematic training. Those who are new to the industry may find it difficult to seek comprehensive training that can assist them in transitioning into skilled professionals. Additionally, with the rapid advancement of intelligent appliances, many technicians struggle to keep up with the increasingly complex installation and maintenance requirements.

- *Lack of convenient access to spare parts.* In providing home maintenance and repair services, technicians often need to procure various spare parts from different brands and specifications. Due to limited access to integrated supply chain resources, technicians may struggle to find the necessary spare parts within a short time, leading to service delays and adversely affecting consumer satisfaction.

- *Lack of job opportunities and stability.* Because home maintenance and repair services require technicians to be physically present, it is challenging for them to travel long distances and efficiently serve multiple regions. Without a centralized platform to aggregate service requests, technicians often encounter fluctuating order volumes and an unstable income.

Challenges on the demand side

- *Lack of service standardization.* The absence of service standards results in disorganized repair processes, opaque pricing, inconsistent service quality, and an increased likelihood of disputes.

  - *Disorganized repair process*. Home maintenance and repair involve technical complexities and a wide range of components, which often puts consumers at a disadvantage when dealing with technicians. This lack of transparency makes it difficult for consumers to understand the necessary procedures and assess the progress of repairs.

  - *Opaque pricing*. Traditional home maintenance and repair services involve various pricing elements such as call-out fees, inspection charges, repair fees, and costs for spare parts. Consumers are often left in the dark about the expected range of service fees until technicians physically arrive at their homes and assess the issue firsthand. This lack of a standardized pricing system makes it difficult for consumers to compare service providers or determine the fairness of fee quotes.

   - *Inconsistent service quality*. Consumers have no reliable standards to assess the services provided by technicians and ascertain if they are involved in unethical practices. The prevalent problem of overcharging for minor maintenance or repairs makes it difficult to protect consumer interests.

   - *An increased likelihood of disputes*. The lack of service standards increases the likelihood of discrepancies between consumers and technicians in terms of their understanding and expectations regarding service quality and speed. As a result, disputes are more likely to occur, leading to unsatisfactory consumer experience.

- *Lack of integrated service providers.* China's home maintenance and repair industry is highly fragmented, with a vast number of individual technicians operating independently. According to CIC, there are currently over 100,000 active legal entities in the industry, with over 2.4 million technicians working on a long-term basis and over 3.4 million working during peak seasons. The lack of integrated service providers leads to extended and complex service procedures, limited service coverage, a lack of service standards, and a lack of oversight from third parties.

   - *Extended and complex service procedure and limited service coverage*. When requesting home maintenance and repair services, consumers have to navigate through complex steps, such as contacting qualified technicians, reporting the issue at hand, coordinating the technician's availability, and procuring necessary spare parts. This not only adds to their workload but also causes unnecessary inconvenience. Since most technicians are specialized in limited areas, consumers often have to go through the entire process again if they encounter a different issue.

   - *Lack of service standards*. Integrated service providers have the necessary resources to craft service standards and provide systematic training that individual technicians typically lack. In the absence of standardized procedures and training, technicians may display inconsistencies in their skills and knowledge levels, making it challenging for consumers to consistently receive high-quality service.

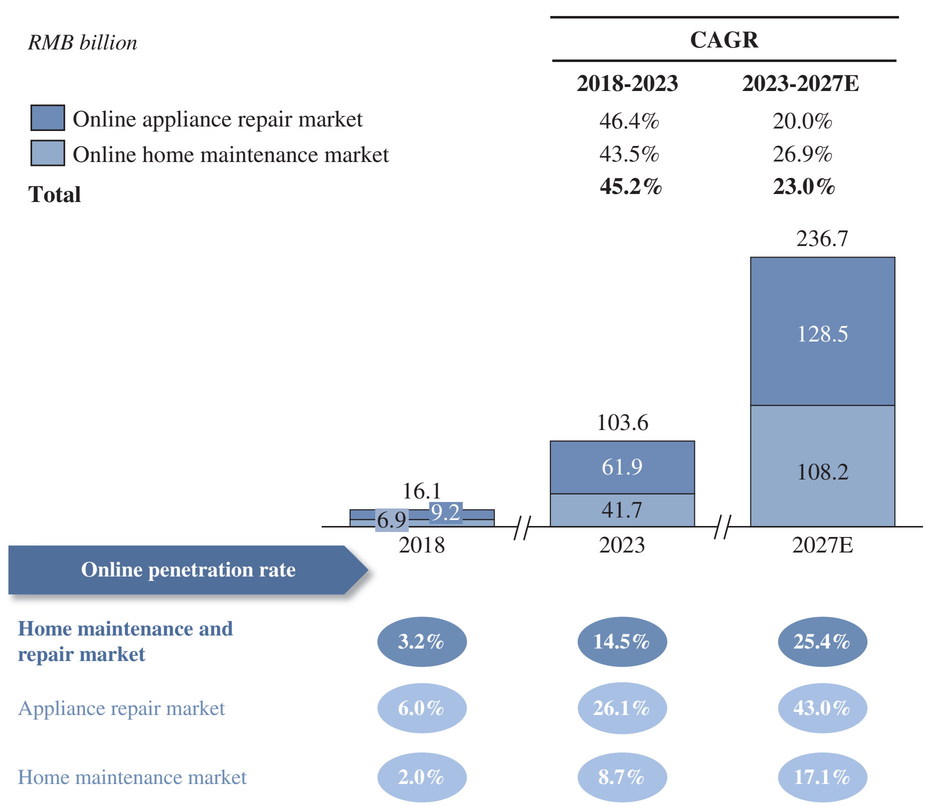
   - *Lack of oversight*. As consumers often lack the necessary expertise to comprehend the intricate repair process, the work of individual technicians is typically carried out without efficient oversight.

Online Home Maintenance and Repair Market Size in China

Online home maintenance and repair industry refers to the market for service orders placed through online channels or search engines, including brand online appointment channel, information listing platform, and online-offline integrated service platform. Brand online appointment channels are official channels established by original brand owners, who provide services to consumers through their employed technicians or third-party authorized service providers. Information listing platform acts as marketplaces where consumers can find and contact various service providers, including traditional offline service providers and online-offline integrated service platforms. Online-offline integrated service platforms facilitates the matching of individual service providers with the repair service orders placed on the platform, providing standardized pricing and regulated services. In 2023, the market size of online home maintenance and repair market in China in terms of GTV was RMB103.6 billion.

The rapid development of internet infrastructure has catalyzed the online penetration of the home maintenance and repair industry. The availability of reliable and high-speed internet connections, coupled with the widespread adoption of smartphones and other digital devices, has created a conducive environment for various types of internet platforms to connect service providers with consumers in need of maintenance and repair services. The convenience and accessibility offered by internet platforms have changed the way individuals approach finding service providers, therefore consumers nowadays are more inclined to place service orders or make appointments through online channels or search engines. According to CIC, the online home maintenance and repair service penetration rate, which is calculated by dividing the market size of online home maintenance and repair industry by the total home maintenance and repair market size in terms of GTV, increased from 3.2% in 2018 to 14.5% in 2023, and is expected to increase to 25.4% in 2027. The following diagram presents the online home maintenance and repair service penetration rate in China for the periods indicated.

The online penetration of home maintenance and repair industry



Source: CIC Report

Service Models in China's Home Maintenance and Repair Industry

There are numerous diverse business models in China's home maintenance and repair industry. According to CIC, traditional offline service model, information listing platform model, and online-offline integrated service model are three mainstream models.

The following table sets forth a comparison of the online-offline-integration service model, offline service model and information listing service model, respectively.

	The Traditional Offline Service Model	The Information Listing Platform Model	The Online and Offline Integrated Service Model
Service provider	• Offline stores or self-employed operators	• Providing services in the name of the actual service provider	• Providing services in the name of the online-offline integrated service platform
Fee rates	• Total amount of orders	• Advertising fees and commission fees on orders	• Platform service fees
Cost structure	• Technician labor costs, spare parts costs, etc.	• IT infrastructure costs, etc.	• IT infrastructure costs, commission to internet platforms, etc.
Comprehensive service supervision	• Unsupervised	• Partial supervised	• Fully supervised
Repair parts supply chain support	• Rarely cooperating spare parts suppliers	• Not responsible for spare parts supply	• Offering a rich supply chain support for spare parts
Professional training	• Lack of professional training for technicians	• Not responsible for technicians training	• Offering training for service processes, only partial platforms offering professional skills training
Service quality	• Unstable service quality	• Not responsible for the service quality of third-party service providers	• Higher service quality
Payment regulation	• Unregulated payments	• Extra fees charged by third-party providers offline	• Comprehensive platform-regulated payments
Post-service customer support	• No post-service customer support	• Rarely offering post-service customer support	• Post-service support and platform-backed warranty
Technician's income	• Unstable income	• Lower income due to a multi-tiered commission structure	• Relatively high and stable income due to shorter transaction chain
Lead time	• Unstable lead time	• Not responsible for service delivery	• Allocated and strictly regulated by digital system

Source: CIC Report

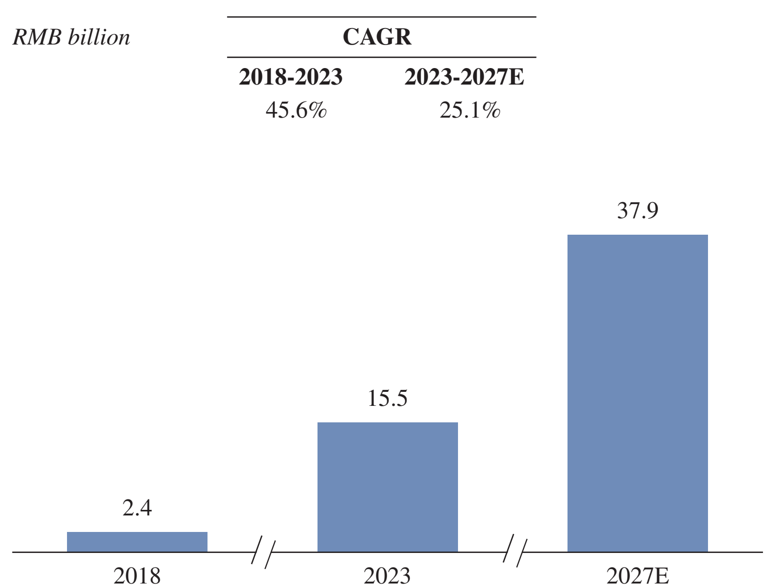
In the traditional offline service model, usually taken by traditional offline service companies and individual service providers, consumers deal directly with the service providers and find technicians or service companies through word-of-mouth, offline stores or phone calls, without any external platforms involved. The market size of traditional offline home maintenance and repair market was RMB611.3 billion in 2023.

Recent years have witnessed more various service models emerging in the online home maintenance and repair industry, including the information listing platform model and the online-offline integrated service model, among others. Information listing platforms allow consumers to post, browse, and search for services and convert sale leads into orders which are the full responsibilities of third-party service providers. Market players, including traditional offline services companies actively engage in the online home maintenance and repair industry with the adoption of the information listing platform model by utilizing online channels and internet search engines to promote their businesses.

With the rise of online platforms and technology infrastructure, the online-offline integrated service model emerged, featuring digitalized and standardized full-service solutions. Online-offline integrated service platforms allow consumers to create orders online and dispatch them to registered technicians on the platforms. These platforms set service procedures, pricing and service standards. They directly provide or facilitate home maintenance and repair services, utilizing digital and technological tools to plan, manage, coordinate and monitor the service processes from end to end. Compared with other models, online-offline integrated service platforms establish consistent service standards and transparent pricing guidelines, constantly improve the effectiveness and efficiency of their service offerings, and provide timely and effective post-service support, thereby enhancing service quality and user experience. Such a model may also facilitate the implementation of a comprehensive system that recruits, trains, evaluates and empowers technicians. The market size of the online-offline integrated platform in terms of GTV was RMB15.5 billion in 2023, which accounted for approximately 15% of the whole online home maintenance and repair market. As internet penetration rate, technology infrastructure, and consumer lifestyle and preferences continue to evolve, the online-offline integrated service model is expected to gain popularity.

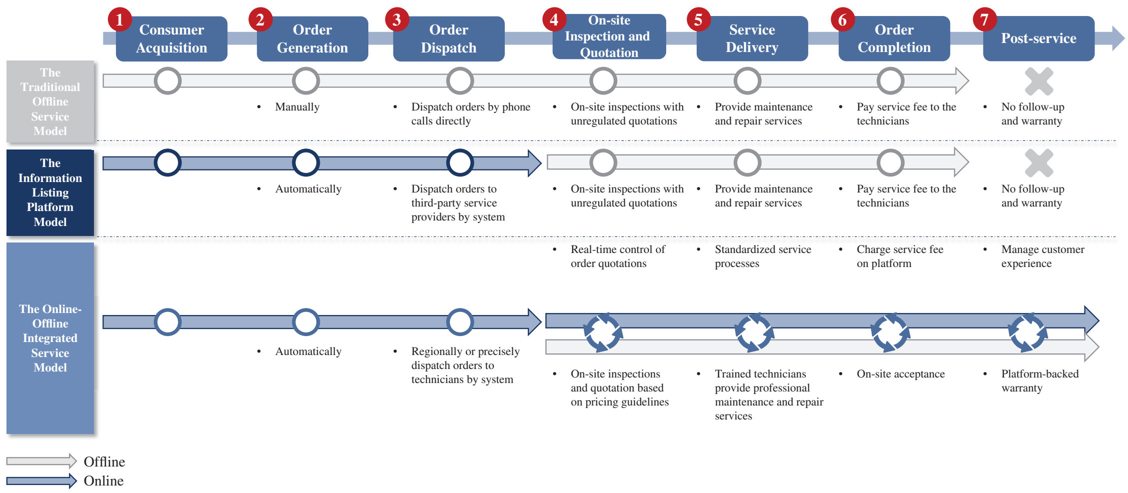
The following diagram presents the market size of the online-offline integrated platform in terms of GTV in China for the periods indicated.

The market size of the online-offline integrated platform, in terms of GTV, 2018-2027E



Source: CIC Report

The following diagram illustrates the transaction process of the online-offline integrated service model, traditional offline service model and the information listing platform model, respectively.



Source: CIC Report

COMPETITIVE LANDSCAPE

We operate in the online home maintenance and repair industry in China, adopting the online-offline integrated service model. China has a vast home maintenance and repair market and as the internet becomes more widespread and consumer habits change, we expect a significant increase in the online penetration rate of home maintenance and repair industry in the coming years. The online home maintenance and repair industry in China is highly competitive and fragmented. In 2023, the participants in this market included over 50,000 home maintenance and repair service providers utilizing online channels and internet search engines to reach and serve consumers, as well as hundreds of online platforms facilitating home maintenance and repair service transactions between service providers and consumers. According to CIC, the top five online platforms accounted for approximately 5% market share in China's online home maintenance and repair industry in terms of GTV in 2023. We are the largest home maintenance and repair platform with a 2.4% market share in China's online home maintenance and repair industry in 2023 in terms of GTV. The following table sets forth the GTV of leading players in China's online home maintenance and repair industry in 2023.

Ranking	Platform	Service Model	GTV in 2023[(1)]	Market Share in China's online home maintenance and repair industry in 2023	Market Share in online-offline integrated platforms in 2023
			(RMB in billion)		
1	The Group	See "Business" for more details.	2.4	2.4%	15.7%
2	Platform A	A platform launched in 2018, affiliated with a private company headquartered in Beijing. It adopts a combination of the information listing platform model and the online-offline integrated service model. It is an affiliate of 58.com Inc., our substantial shareholder.	Approximately 1.2	1.1%	7.6%
3	Platform B	A platform launched in 2018, affiliated with a publicly listed company headquartered in Beijing. It adopts a combination of the information listing platform model and the online-offline integrated service model.	Approximately 0.8	0.8%	5.4%
4	Platform C	A platform launched in 2016, affiliated with a publicly listed company headquartered in Nanjing, Jiangsu. It adopts a combination of traditional offline service model and the online-offline integrated service model.	Approximately 0.7	0.7%	4.7%
5	Platform D	A platform launched in 2017, affiliated with a private company headquartered in Shenzhen, Guangdong. It adopts the online-offline integrated service model.	Approximately 0.3	0.3%	2.2%

Source: CIC Report

Note:

(1) Represents GTV related to appliance repair and home maintenance services, excluding GTV related to sales of appliances as well as GTV related to facilitating home cleaning and sterilization services.

COMPETITIVE ADVANTAGES OF OUR GROUP

For a detailed discussion of our Group's competitive strengths, see ''Business — Competitive Strengths'' in this document.

Our business activities are subject to extensive supervision and regulation by the PRC government. This section sets forth a summary of the major laws, rules and regulations that are applicable to our current business activities within the territory of the PRC.

REGULATIONS ON VALUE-ADDED TELECOMMUNICATIONS SERVICES AND FOREIGN INVESTMENT RESTRICTIONS

Value-Added Telecommunications Services

The PRC Telecommunications Regulations (《中華人民共和國電信條例》) (the "Telecommunications Regulations"), promulgated by the State Council on September 25, 2000, and last amended with immediate effect on February 6, 2016, provide the regulatory framework for telecommunications services in the PRC. The Telecommunications Regulations classifies telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of telecommunications services are required to procure licenses prior to commencing operations. According to the Catalog of Telecommunications Services (《電信業務分類目錄》) attached to the Telecommunications Regulations and last amended by the Ministry of Industry and Information Technology (the "MIIT") on June 6, 2019, information services provided via public communication network or the internet and the online data processing and transaction processing services are value-added telecommunications services.

As a subcategory of the value-added telecommunications services, internet information services are regulated by the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "Internet Measures"), which was promulgated by the State Council on September 25, 2000 and last amended with immediate effect on January 8, 2011. Internet information services are defined as services that provide information to online users through internet. The Internet Measures classifies internet information services into non-commercial internet information services and commercial internet information services. Commercial internet information service providers shall obtain a license for value-added telecommunications services with the specification of internet information service (the "ICP License") from appropriate telecommunications authorities, while non-commercial ones shall file with such authorities.

The Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》), promulgated by the MIIT on March 1, 2009, amended on July 3, 2017, and came into effect on September 1, 2017, set forth more specific provisions regarding the types of licenses required to operate value-added telecommunications services, the qualifications and procedures for obtaining such licenses and the administration and supervision of such licenses. Under these measures, a commercial operator of value-added telecommunications services must first obtain a license from the MIIT or its provincial counterpart, otherwise such operator may be subject to penalties including corrective orders, warnings, fines and confiscation of illegal gains. In case of serious violations, the operator's websites may be ordered to be shutdown.

On June 28, 2016, the Cyberspace Administration of China (the "CAC") promulgated the Administrative Provisions on Mobile Internet Applications Information Services (《移動互聯網應用程序信息服務管理規定》) (the "APP Provisions"), which became effective on August 1, 2016, and last amended and then took effect on August 1, 2022. Under the APP Provisions, mobile application providers are prohibited from engaging in any activity that may endanger national security, disturb the social order, or infringe the legal rights of third parties, and may not produce, copy, issue or disseminate through internet mobile applications any content prohibited by laws and regulations. The APP Provisions also require application providers to obtain relevant qualifications required by laws and regulations for providing services through such applications and require application store service providers to register with local branches of the CAC within 30 days after they start providing application store services.

Foreign Investments

On March 15, 2019, the National People's Congress promulgated the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "FIL") which became effective on January 1, 2020, and replaced the Wholly Foreign-Owned Enterprise Law (《中華人民共和國外資企業法》). The FIL, by means of legislation, establishes the basic framework for the access, promotion, protection and administration of foreign investment in view of investment protection and fair competition.

According to the FIL, foreign investment shall enjoy the pre-entry national treatment, except for those foreign-invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list". The FIL provides that foreign invested entities operating in foreign "restricted" or "prohibited" industries need entry clearance and other approvals.

The FIL provides several protective rules and principles for foreign investors and their investments in the PRC, including, among others, that local governments shall abide by their commitments to foreign investors; foreign-invested enterprises are allowed to issue stocks and corporate bonds; except for special circumstances, in which case statutory procedures shall be followed and fair and reasonable compensation shall be made in a timely manner, expropriation or requisition of the investment of foreign investors is prohibited; mandatory technology transfer is prohibited; foreign investors' funds are allowed to be freely transferred out and into the territory of PRC, which run through the entire lifecycle from the entry to the exit of foreign investment, and the FIL provides an all-around and multi-angle system to guarantee fair competition of foreign-invested enterprises in the market economy. In addition, foreign investors or foreign-invested enterprises should be imposed legal liabilities for failing to report investment information in accordance with the requirements. Furthermore, the FIL provides that foreign-invested enterprises established according to the existing laws regulating foreign investment may maintain their structure and corporate governance within five years after the implementation of the FIL, which means that foreign-invested enterprises may be required to adjust the structure and corporate governance in accordance with the current PRC Company Law (《中華人民共和國公司法》) (the "Company Law") and other laws and regulations regarding the corporate governance.

On December 26, 2019, the State Council promulgated the Implementation Rules of the PRC Foreign Investment Law (《中華人民共和國外商投資法實施條例》) (the "Implementation Rules") which became effective on January 1, 2020. The Implementation Rules further clarified that the State encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize the foreign investment environment, and advances a higher-level opening.

On October 26, 2022, the MOFCOM and the NDRC, released the Catalog of Encouraging Industries for Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "Encouraging Catalog") which became effective on January 1, 2023, MOFCOM and the NDRC released the Special Administrative Measures (Negative List) for Foreign Investment Access (《外商投資准入特別管理措施(負面清單)(2021年版)》) (the "2021 Negative List") which became effective on January 1, 2022, to replace the Special Management Measures (Negative List) for the Access of Foreign Investment (2020 Version) (《外商投資准入特別管理措施(負面清單)(2020年版)》). The Encouraging Catalog and the 2021 Negative List lay out the basic framework for foreign investment in China, classifying businesses into three categories with regard to foreign investment: "encouraged", "restricted" and "prohibited." Industries not listed in the Encouraging Catalog or the 2021 Negative List are generally deemed as falling into a fourth category "permitted" unless specifically restricted by other PRC laws. The 2021 Negative List further provides that domestic companies engaged in foreign investment prohibited business and intend to offer and list securities in overseas markets shall obtain approval from relevant government authorities.

On December 30, 2019, MOFCOM and the State Administration for Market Regulation (國家市場監督管理總局) (the "SAMR") jointly promulgated the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which became effective on January 1, 2020. Pursuant to the Measures on Reporting of Foreign Investment Information, where a foreign investor carries out investment activities in China directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

Foreign Investment in Value-Added Telecommunications Businesses

Pursuant to the 2021 Negative List, foreign investment in value-added telecommunications services is restricted, and the percentage of foreign ownership cannot exceed 50% (except for e-commerce, domestic multi-party communications, store-and-forward and call center).

Foreign investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), which was promulgated by the State Council on December 11, 2001 and last amended on March 29, 2022, with effect on May 1, 2022 (the "2022 FITE Regulations"). The 2022 FITE Regulations require foreign-invested value-added telecommunications enterprises in China to be established as sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In addition, through amendments in March 2022, the 2022 FITE Regulations no longer require the main foreign investor who invests in a value-added telecommunications business in the PRC to have a good track record and experience in operating a value-added telecommunications business. The 2022 FITE Regulations prescribe that foreign investors are not allowed to hold more than 50% of the equity interests of a company engaged in value-added telecommunications business, except as otherwise stipulated by the State, and that a foreign-invested enterprise must be approved by the MIIT to engage in value-added telecommunications business.

In July 2006, the MIIT released the Notice of the Ministry of Information Industry on Strengthening the Administration of Foreign Investment in Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the "MIIT Notice"), pursuant to which, domestic telecommunications enterprises are prohibited to rent, transfer or sell a telecommunications business operation license to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MIIT Notice, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

REGULATIONS ON HOME MAINTENANCE AND REPAIR SERVICES

On June 9, 2012, the MOFCOM promulgated the Measures for the Administration of the Household Appliance Repair Service Industry (《家電維修服務業管理辦法》) (the "Measures of Household Appliance Repair"), which came into effect on August 1, 2012. The Measures of Household Appliance Repair are formulated to regulate the market order of the household appliance repair service industry, protect the lawful rights and interests of the household appliance repair service providers and consumers. According to the Measures of Household Appliance Repair, household appliance repair employees shall possess the professional or technical qualifications for engaging in relevant repair activities. Those engaging in special operations such as operations at heights, welding and thermal cutting operations, refrigeration and air-conditioning operations, electrician operations, and safety operations for dangerous chemicals shall require the qualifications for special operations as required by the State and work with a certificate. For repair service providers involving special operations, the person in charge and safety managers must receive relevant training on safety responsibility.

Pursuant to the Work Safety Law (《安全生產法》), promulgated by the SCNPC on June 29, 2002, last amended on June 10, 2021, and came into effect on September 1, 2021, workers operating at special posts shall, in accordance with relevant regulations of the State, receive special training on safe operation, and they shall not be assigned to such posts until obtaining the appropriate qualification. The Provisions on the Administration of Safety Technology Training and Evaluation of Special Operation Workers (2015 Amendment) (《特種作業人員安全技術培訓考核管理規定(2015修正)》) (the "Provision of Operation Workers Law"), promulgated by the State Administration of Work Safety on May 24, 2010, last amended on

May 29, 2015, and came into effect on July 1, 2015, set forth specific provisions regarding types of special operation that required the Special Operation Certificate, the qualifications and procedures for obtaining such certificate and the administration and supervision of such certificate. According to the Catalog of Special Operations (《特種作業目錄》) attached to the Provision of Operation Workers Law, the workers engaged in low-voltage electrical work, work at height, installation and repair of large and medium-sized refrigeration and air conditioning equipment work fall within the scope of special operation work and shall not take their posts until they have obtained special safety technology training, passed the evaluation, and obtained the Special Operation Certificate.

REGULATIONS ON E-COMMERCE

On August 31, 2018, the SCNPC promulgated the E-commerce Law of the PRC (《中華人民共和國電子商務法》) (the "E-commerce Law"), which became effective on January 1, 2019. The E-commerce Law is formulated for the purposes of protecting the legitimate rights and interests of various entities in e-commerce, standardizing e-commerce conduct. According to the E-commerce Law, e-commerce shall mean business activities of sale of goods or provision of services through the internet and other information network, and e-commerce business operators include e-commerce platform operators, business operators using the platform, and e-commerce business operators engaging in sale of goods or provision of services through their self-built website or other network services, among which e-commerce platform operators, shall mean legal persons or non-legal-person organizations who provide online business premises, transaction matching, information dissemination services etc. for both parties or multiple parties in e-commerce transactions, so as to facilitate both or multiple parties in transactions to carry out transaction activities independently. E-commerce platform operators shall require business operators who apply to sell goods or provide services on the platforms to provide their identity information, address, contact details, administrative licensing information etc. for verification and registration, establish registration files, and verify and update regularly. Where an e-commerce platform operator is or should be aware that the goods sold or the services provided by a business operator using the platform do not comply with the requirements for the protection of personal safety and property security, or have infringed upon the legitimate rights and interests of consumers, but fails to adopt the requisite measures, it shall bear joint and several liability with the said business operator using the platform pursuant to the law. For goods or services which relate to the life and health of consumers, where an e-commerce platform operator fails to perform the obligation of verifying the qualification of the business operator using the platform or fails to perform the safety assurance obligation towards consumers, causing consumers to suffer damages, it shall bear the corresponding liability.

The PRC Consumer Rights and Interests Protection Law (《中華人民共和國消費者權益保護法》), which was promulgated by the SCNPC on October 31, 1993, and last amended on October 25, 2013, with effect from March 15, 2014, sets out the obligations of business operators and the rights and interests of the consumers. Business operators must guarantee the quality, function, usage and term of validity of the goods or services they sell or provide. Consumers whose interests have been damaged due to their purchase of goods or acceptance of services on online platforms may claim damages from the sellers or service providers. Online platform operators may be subject to liabilities if the lawful rights and interests of consumers are infringed in connection with consumers’ purchase of goods or acceptance of services on online platforms and the platform operators fail to provide consumers with authentic contact information of the sellers or service providers. In addition, platform operators may be jointly and severally liable with the sellers and service providers if they are aware or should be aware that the sellers or the service providers are using the online platform to infringe upon the lawful rights and interests of consumers and fail to take measures necessary to prevent or stop this activity.

REGULATIONS ON THE PAYMENTS AND USER FUNDS

According to the Regulation on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) which was promulgated by the State Council on December 9, 2023, effective on May 1, 2024, non-bank payment institutions refer to entities, other than banking financial institutions, that have obtained a payment business permit to engage in payment activities, such as the transfer of monetary funds, based on electronic payment instructions submitted by payees or payers. Without the approval of the PBOC, no organization or individual may engage in payment business directly or in a disguised form. Non-bank payment institutions that are illegally established without approval, or those engaging in payment business directly or in a disguised form, shall be banned by the PBOC, and any illegal income shall be confiscated. If the amount of the illegal income reaches RMB500,000 or above, a fine ranging from one to five times the amount of the illegal income shall be imposed. If there is no illegal income or the amount of the illegal income is less than RMB500,000, a fine ranging from RMB500,000 to RMB2,000,000 shall be imposed, either separately or concurrently. On November 13, 2017, the General Office of the PBOC published the Notice on Further Strengthening the Rectification of Payment Business Operation Without a Certificate (《中國人民銀行辦公廳關於進一步加強無證經營支付業務整治工作的通知》) (the “PBOC Notice 2017”), focusing on the investigation and administration of illegal offering of settlement services by financial institutions and online payment service providers to unlicensed entities. The PBOC Notice 2017 intended to prevent unlicensed entities from using licensed payment service providers as a conduit for conducting the unlicensed payment settlement services, so as to safeguard the fund security and information security.

REGULATIONS ON LABOR RIGHT AND INTERESTS

Labor Law and Labor Contracts Law

According to the Labor Law of the PRC (《中華人民共和國勞動法》) promulgated on July 5, 1994, and amended on August 27, 2009, and December 29, 2018, enterprises shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, and conduct employee training on labor safety and sanitation in the PRC. Labor safety and sanitation facilities shall comply with statutory standards. Enterprises and institutions shall provide employees with a safe workplace and sanitation conditions which are in compliance with applicable laws and regulations of labor protection. The Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated on June 29, 2007, and amended on December 28, 2012, and the Implementation Rules of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated on September 18, 2008, set out specific provisions in relation to the execution, the terms and the termination of a labor contract and the rights and obligations of the employees and employers, respectively. At the time of hiring, the employers shall truthfully inform the employees the scope of work, working conditions, working place, occupational hazards, work safety, salary and other matters which the employees request to be informed about.

Social Insurance

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) which was promulgated on October 28, 2010, and with effect from July 1, 2011, and latest amended on December 29, 2018, and the Interim Regulations on the Collection of Social Insurance Fees (《社會保險費征繳暫行條例》) issued by the State Council on January 22, 1999, and last amended on March 24, 2019, employees shall participate in basic pension insurance, basic medical insurance and unemployment insurance. Basic pension, medical and unemployment insurance contributions shall be paid by both employers and employees. Employees shall also participate in work-related injury insurance and maternity insurance. Work-related injury insurance and maternity insurance contributions shall be paid by employers rather than employees. Pursuant to the Notice of the General Office of the State Council on Issuing the Plan for the Pilot Program of Combined Implementation of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於印發<生育保險和職工基本醫療保險合併實施試點方案>的通知》) and the Opinions of the General Office of the State Council on Comprehensively Promoting the Implementation of the Combination of Maternity Insurance and Basic Medical Insurance for Employees (《國務院辦公廳關於全面推進生育保險和職工基本醫療保險合併實施的意見》) promulgated on January 19, 2017, and March 6, 2019, maternity insurance and basic medical insurance for employees shall be consolidated. According to the Social Insurance Law of PRC, employers must carry out social insurance registration at the local social insurance agency, provide social insurance and pay or withhold the relevant social insurance premiums for or on behalf of employees. For employers failing to conduct social insurance registration, the administrative department of social insurance shall order them to make corrections within a prescribed time limit; if they fail to do so within the time limit, employers shall have to pay a penalty over one time but no more than three times of the amount of the social insurance premium payable by them. Where an employer fails to pay social insurance premiums in full or on time, the social insurance premium collection agency shall order it to pay or make up the balance within a prescribed time limit, and shall impose a daily late fee at the rate of 0.05% of the outstanding amount from the due date; if still failing to pay within the time limit prescribed, a fine of one time to three times the amount in default will be imposed on them by the competent administrative department.

Housing Provident Fund

Pursuant to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) which was promulgated on April 3, 1999, and amended on March 24, 2002, and March 24, 2019, employers shall timely pay the housing provident fund in full and overdue or insufficient payment shall be prohibited. Employers shall process the housing fund payment and deposit registration in the housing provident fund administrative center. For enterprises who violate the above laws and regulations and fail to apply for housing provident fund deposit registration or open housing provident fund accounts for their employees, the housing provident fund administrative center shall order the relevant enterprises to make corrections within a designated period. Those enterprises failing to process registration provident fund accounts for their employees within designated period shall be subject to a fine ranging from RMB10,000 to RMB50,000. When enterprises violate those provisions and fail to pay the housing provident fund in full amount as due, the housing provident fund administrative center will order such enterprises to pay up the amount within a prescribed period; if those enterprises still fail to comply with the regulations upon the expiration of the above-mentioned time limit, further application will be made to the People's Court for mandatory enforcement.

New Employment Patterns

Pursuant to the Notice on Deciding the Existence of Labor Relationship (《關於確立勞動關係有關事項的通知》), or the Labor Relationship Notice issued by the Ministry of Labor and Social Security on May 25, 2005, all of the following three conditions shall be satisfied to establish a labor relationship if no written labor contract has been concluded: (i) the employer and the employee have the legal qualifications stipulated by laws and regulations; (ii) the various labor rules and systems formulated by the employer apply to the employee, who is subject to labor management by the employer and engages in remunerated labor work arranged by the employer; and (iii) the work provided by the employee is part of the business of the employer.

On July 16, 2021, the Ministry of Human Resources and Social Security, together with other government authorities jointly promulgated the Guidance on Protecting the Labor Rights and Interests of Workers under New Forms of Employment (《關於維護新就業形態勞動者勞動保障權益的指導意見》), or the Labor Protection Guidance, which requires platform enterprises adopting labor outsourcing and other cooperative labor methods to undertake corresponding responsibilities in accordance with laws and regulations when workers' rights and interests are damaged. Furthermore, the Labor Protection Guidance calls for organizing and launching pilot programs for occupational injury protection of flexible employment personnel, with a focus on platform enterprises in industries such as travel, takeout, instant delivery, and intra-city freight, among others. The Labor Protection Guidance also stipulates that for individuals who independently carry out business activities and engage in freelance work in reliance on platforms, the rights and obligations of such individuals and platforms are governed by civil laws rather than employment related laws and regulations.

Furthermore, the Opinion of the Supreme People's Court on Providing Judicial Services and Protections to Maintain Stable Employment (《最高人民法院關於為穩定就業提供司法服務和保障的意見》), or the Employment Opinion, issued on December 26, 2022, stipulates that in the absence of a written labor contract, the People's Court should prudently determine whether a labor contract relationship exists in accordance with the law and by comprehensively considering factors such as the worker's autonomy over working hours and workload, the degree of employer's management and control over the labor process, whether the worker is required to abide by relevant work rules, labor disciplines and measures for rewards and punishments, the continuity of the worker's work, and whether the worker has the ability to decide or change the transaction price.

REGULATIONS ON ANTI-UNFAIR COMPETITION

The principal legal provisions governing market competition are set out in the Anti-unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), or the Anti-Unfair Competition Law, which was promulgated by the SCNPC on September 2, 1993, and then amended respectively on November 4, 2017, and April 23, 2019. In accordance with the Anti-Unfair Competition Law, operators should abide by the principles of voluntariness, equality, fairness, honesty, and integrity, and abide by laws and recognized business ethics when trading in the market. When an operator disrupts the competition order and infringes the legitimate rights and interests of other operators or consumers in violation of the Anti-Unfair Competition Law, its behavior constitutes unfair competition. When the legitimate rights and interests of an operator are damaged by unfair competition, the operator may file a lawsuit with the People's Court. If an operator violates the provisions of the Anti-Unfair Competition Law, engages in unfair competition, and causes damage to another operator, it shall be liable for damages. If the damage suffered by the injured operator is difficult to ascertain, it shall be determined in accordance with the profit obtained by the infringer through the infringement. The infringer shall also bear all reasonable expenses paid by the infringed operator to stop the infringement.

REGULATIONS ON INTERNET SECURITY AND PRIVACY PROTECTION

Cybersecurity

According to the National Security Law of the PRC (《中華人民共和國國家安全法》) promulgated by the SCNPC on July 1, 2015, which came into effect on the same day, the state shall establish systems and mechanisms for national security review and supervision, conduct national security review on key technology and network information technology products and services related to state security, so as to prevent and neutralize state security risks in an effective way.

The PRC Cybersecurity Law (《中華人民共和國網絡安全法》) (the "Cybersecurity Law"), which was promulgated by the SCNPC on November 7, 2016, and came into effect on June 1, 2017, requires a network operator, including internet information services providers among others, to adopt technical measures and other necessary measures in accordance with applicable laws and regulations as well as compulsory national and industrial standards to safeguard the safety and stability of network operations, effectively respond to network security incidents, prevent illegal and criminal activities, and maintain the integrity, confidentiality and availability of network data. The Cybersecurity Law emphasizes that any individuals and organizations that use networks must not endanger network security or use networks to engage in unlawful activities such as those endangering national security, economic order and social order or infringing the reputation, privacy, intellectual property rights and other lawful rights and interests of others.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law (《中華人民共和國數據安全法》), which took effect in September 2021. The PRC Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security.

In addition, the CAC and the NDRC, the MIIT, the Ministry of Public Security, the Ministry of State Security, the Ministry of Finance (the "MOF"), the MOFCOM, the PBOC, the SAMR, the National Radio and Television Administration, the China Securities Regulatory Commission (the "CSRC") and the National Administration of State Secrets Protection and State Cipher Code Administration jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "Cybersecurity Review Measures") on December 28, 2021, which came into effect on February 15, 2022. The Cybersecurity Review Measures specifies that the procurement of network products and services by critical information infrastructure operators and the activities of data process carried out by online platform operators, that raise or may raise "national security" concerns are subject to strict cybersecurity review by the Office of Cybersecurity Review established by the CAC. In addition, an online platform operator that possess the personal data of at least one million users must apply for cybersecurity review by the Cybersecurity Review Office if it plans on listing companies in foreign countries. The Cybersecurity Review Office may voluntarily conduct a cybersecurity review if any network products and services, activities of data process or listing of companies overseas affects or may affect national security. Pursuant to the Cybersecurity Review Measures, any violation shall be punished in accordance with the Cybersecurity Law, the sanctions under which include, among others, government enforcement actions and investigations, fines, penalties and suspension of noncompliant operations.

As advised by our PRC Legal Advisor, we are not required to apply for a cybersecurity review with respect to the [**REDACTED**] for the following reasons: (a) we have not been and are not currently involved in any cybersecurity review or investigation by the CAC or other PRC government authorities with respect to the Cybersecurity Review Measures; (b) as of the Latest Practicable Date, we had not received any notification from relevant government authorities that the Group will or may be recognized as a critical information infrastructure operator; and (c) based on our consultation with the China Cybersecurity Review Technology and Certification Center on November 20, 2023, the proposed [**REDACTED**] in Hong Kong is not deemed as a "foreign listing" under Article 7 of the Cybersecurity Review Measures. Nevertheless, the relevant regulatory regime, including its interpretation and enforcement, is evolving and there can be no assurance that the relevant authorities will not take a view contrary to, or otherwise different from, that of our PRC Legal Advisor above in the future.

Information Security

The Personal Information Protection Law of the PRC (《中華人民共和國個人信息保護法》) (the "Personal Information Protection Law") was promulgated by the SCNPC on August 20, 2021, and came into effect on November 1, 2021. Instead of relying solely on "notification and consent" as established in the Cybersecurity Law, the Personal Information Protection Law reiterates the circumstances under which a personal information processor could process personal information and the requirements for such circumstances, such as when (i) the individual's consent has been obtained; (ii) the processing is necessary for the conclusion or performance of a contract to which the individual is a party; (iii) the processing is necessary to fulfill statutory duties and statutory obligations; (iv) the processing is necessary to respond to public health emergencies or protect a natural person's life, health and property safety under emergency circumstances; (v) the personal information that has been made public is processed within a reasonable scope in accordance with this law; (vi) personal information is processed within a reasonable scope to conduct news reporting, public opinion-based supervision and other activities in the public interest; or (vii) under any other circumstance as provided by any law or regulation. It also stipulates the obligations of a personal information processor. Any violation of the provisions and requirements under the Personal Information Protection Law may subject a personal information processor to rectifications, warnings, fines, suspension of the related business, revocation of licenses, being entered into the relevant credit record or even criminal liabilities. As advised by our PRC Legal Advisor, the collection and use of data in our business activities comply with the requirements of the Personal Information Protection Law in all material aspects.

In addition, on February 4, 2015, the CAC promulgated the Regulations on the Administration of Internet User Account Names (《互聯網用戶賬號名稱管理規定》), which became effective on March 1, 2015, and which requires that internet information service providers shall implement security management responsibilities, improve user service agreements, prevent users from having illegal and bad information in the registration information, such as account name, avatar and profile, equip professionals appropriate to the service scale, review the registration information, such as account name, avatar and profile submitted by internet users, and refuse to register those containing illegal and bad information. Internet information service providers shall consciously accept social supervision, and timely deal with illegal and bad information in registration information such as account name, avatar and profile reported by the public. Service providers shall also, in accordance with the principle of "real name at the back and voluntary at the front" require users to register their account after passing the authentication of real identity information.

Further, on November 14, 2021, the Administration Regulations on Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "Draft Cyber Data Security Regulations") was proposed by the CAC for public comments until December 13, 2021. The draft measures reiterate that data processors which process the personal information of at least one million users must apply for a cybersecurity review if they plan the listing of companies in foreign countries, and the draft measures further require the data processors that carry out the following activities to apply for cyber security review in accordance with the relevant laws and regulations: (i) the merger, reorganization or division of internet platform operators that have gathered a large number of data resources related to national security, economic development and public interests that affect or may affect national security; (ii) the listing of the data processor in Hong Kong affects or may affect the national security; and (iii) other data processing activities that affect or may affect national security.

The Draft Cyber Data Security Regulations also regulates other specific requirements in respect of the data processing activities conducted by data processors in the view of personal data protection, important data safety, data cross-broader safety management and obligations of internet platform operators. For example, in one of the following situations, data processors shall delete or anonymize personal information within 15 business days: (i) the purpose of processing personal information has been achieved or the purpose of processing is no longer needed; (ii) the storage term agreed with the users or specified in the personal information processing rules has expired; (iii) the service has been terminated or the account has been canceled by the individual; and (iv) unnecessary personal information or personal information was collected without the consent of the individual, and was collected inevitably due to the use of automatic data collection technology.

As advised by our PRC Legal Advisor, we would be able to comply with the Draft Cyber Data Security Regulations in all material respects if it is implemented in its current form, and it would not have a material adverse impact on our business operations and/or our proposed [**REDACTED**] in Hong Kong, for the following reasons: (a) we have implemented comprehensive internal policies on protecting data privacy and security, with the purpose of ensuring compliance with applicable laws and regulations regarding data and information security; (b) as of the Latest Practicable Date, we are not currently subject to any material fines, mandatory rectifications or other sanctions imposed by any government authorities in relation to data and cybersecurity; and (c) we will continue to pay close attention to the legislative and regulatory developments in data security and comply with the latest regulatory requirements. Nevertheless, there are challenges in predicting future regulatory developments and we cannot assure you that relevant authorities will not take a view contrary to, or otherwise different from, that of our PRC Legal Advisor above in the future.

Collection and Use of Personal Information

On January 23, 2019, the CAC, the MIIT, the Ministry of Public Security, and the SAMR jointly issued the Notice on Special Governance of Illegal Collection and Use of Personal Information via Apps (《關於開展 App 違法違規收集使用個人信息專項治理的公告》), which restates the requirement of legal collection and use of personal information, encourages app operators to conduct security certifications, and encourages search engines and app stores to clearly mark and recommend those certified apps.

On November 28, 2019, the CAC, MIIT, the Ministry of Public Security and SAMR jointly issued the Measures to Identify Illegal Collection and Usage of Personal Information by Apps (《 App違法違規收集使用個人信息行為認定方法》), which came into effect on the same day and lists six types of illegal collection and usage of personal information, including "non-disclosure of collection and use rules", "failure to expressly state the purpose, method and scope of collecting and using personal information", "collection or use of personal information without the consent of users", "collection of personal information unrelated to the services they provide in violation of the principle of necessity", "provision of personal information without consent", "failure to provide the function of deleting or correcting personal information in accordance with the law" and "failure to disclose the information such as ways of filing complaints and whistleblowing reports".

On July 22, 2020, the MIIT issued the Notice of Ministry of Industry and Information Technology on Carrying out Special Rectification Actions in Depth against the Infringement upon Users' Rights and Interests by Apps (《工業和信息化部關於開展縱深推進 APP 侵害用戶權益專項整治行動的通知》), which lists four types of illegal collection and usage of personal information, including "illegally processing personal information of users by the App and the software development kit (SDK)", "setting up obstacles and frequently harassing users", "cheating and misleading users" and "inadequate implementation of application distribution platforms' responsibilities".

In December 2011, the MIIT issued Several Provisions on Regulating the Market Order of Internet Information Services (《規範互聯網信息服務市場秩序若干規定》), which provides that an internet information service provider may not collect any user's personal information or provide any such information to third parties without such user's consent. Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services, internet information service providers are required to, among others, (i) expressly inform the users of the method, content and purpose of the collection and processing of such users' personal information and may only collect such information necessary for the provision of its services; and (ii) properly maintain the users' personal information, and in case of any leak or possible leak of a user's personal information, online lending service providers must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority.

Pursuant to the Decision on Strengthening the Protection of Online Information (《關於加強網絡信息保護的決定》), issued by the SCNPC in December 2012, and the Order for the Protection of Telecommunication and Internet User Personal Information (《電信和互聯網用戶個人信息保護規定》) issued by the MIIT in July 2013, any collection and use of any user's personal information must be subject to the consent of the user, and abide by the applicable law, rationality and necessity of the business and fall within the specified purposes, methods and scopes in the applicable laws. Personal information processors shall take necessary measures to ensure the security of the personal information processed, and the rights of data subjects include the right to rectification and right to erasure.

Personal Information Protection in Criminal Law

Pursuant to the Ninth Amendment to the Criminal Law of the PRC (《中華人民共和國刑法修正案(九)》), which was issued by the SCNPC on August 29, 2015, and came into effect on November 1, 2015, any network service provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders will be subject to criminal liability for causing (i) any dissemination of illegal information in large scale; (ii) any leakage of the users' information with serious consequences; (iii) any loss of evidence of criminal activities with serious circumstances; or (iv) any other serious circumstances. In addition, any individual or entity that (i) sells or provides personal information to others unlawfully, or (ii) steals or illegally obtains any personal information, will be subject to criminal liability in serious circumstances.

On May 8, 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》) (the "Interpretations"), which came into effect on June 1, 2017. The Interpretations clarify several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the PRC (《中華人民共和國刑法》), including "citizens' personal information", "violation of relevant national provisions", "provision of citizens' personal information" and "illegally obtaining any citizens' personal information by other methods". In addition, the Interpretations specify the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime. On October 21, 2019, the Supreme People's Court and the Supreme People's Procuratorate jointly issued the Interpretations on Certain Issues Regarding the Applicable of Law in the Handling of Criminal Case Involving Illegal Use of Information Networks and Assisting Committing Internet Crimes (《最高人民法院、最高人民檢察院關於辦理非法利用信息網絡、幫助信息網絡犯罪活動等刑事案件適用法律若干問題的

解釋》), which came into effect on November 1, 2019, and further clarify the meaning of internet service operators and the serious circumstance of the relevant crimes. Failure to comply with the above laws and regulations regarding cybersecurity, information security, privacy and data protection may subject the internet service providers or data processors to administrative penalties including, without limitation, warnings, fines, suspension of business operation, the shutdown of websites or apps, revocation of licenses and even criminal liabilities.

Algorithm Recommendations

On September 17, 2021, the CAC, together with eight other governmental authorities, jointly issued the Guidelines on Strengthening the Comprehensive Regulation of Algorithm for Internet Information Services (《關於加強互聯網信息服務算法綜合治理的指導意見》), which provides that daily monitoring of data use, application scenarios and effects of algorithms shall be carried out by the relevant regulators, and security assessments of algorithm shall be conducted by the relevant regulators. The guidelines also provide that an algorithm filing system shall be established and classified security management of algorithms shall be promoted. On December 31, 2021, the CAC, the MIIT, the MPS and the SAMR jointly issued Administrative Provisions on Algorithm Recommendation of Internet Information Services (《互聯網信息服務算法推薦管理規定》), which became effective from March 1, 2022 and clearly requires algorithm recommendation service providers: (i) not to use algorithms to block information, over-recommend; (ii) not to set up algorithm models such as inducing users to indulge, over-consumption; or (iii) not to use algorithms to implement unreasonable differential treatment on transaction prices or other transaction conditions.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Copyright and Software Products

On September 7, 1990, the SCNPC promulgated Copyright Law of the PRC (《中華人民共和國著作權法》) (the "Copyright Law") which was effective on June 1, 1991, and amended on October 27, 2001 and February 26, 2010, and November 11, 2020, respectively, and the last revised version of which became effective on June 1, 2021. The Copyright Law and its related Implementing Regulations promulgated by the State Council on August 2, 2002, and last amended on January 30, 2013 and became effective on March 1, 2013, provides that Chinese citizens, legal persons, or other organizations shall, whether published or not, enjoy copyright in their works, which refers to original intellectual achievements in the fields of literature, art and science which can be expressed in a certain form, including but not limited to written works, oral works, computer software and any other intellectual achievements which comply with the characteristics of the works. There is a voluntary registration system administered by Copyright Protection Center of China (the "CPCC").

In order to further implement the Computer Software Protection Regulations (《計算機軟件保護條例》) which were promulgated by the State Council on December 20, 2001, effective on January 1, 2002, and amended on January 8, 2011 and January 30, 2013, the State Copyright Bureau issued the Computer Software Copyright Registration Procedures (《計算機軟件著作權登記辦法》) on February 20, 2002, which applies to software copyright registration, license contract registration and transfer contract registration. The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the CPCC is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conform to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013).

Provisions of the Supreme People's Court on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks (《最高人民法院關於審理侵害信息網絡傳播權民事糾紛案件適用法律若干問題的規定》) provide that web players or web service providers who create works, performances or audio-video products, for which others have the right of dissemination through information networks or are available on any information network without authorization shall be deemed to have infringed upon the right of dissemination through information networks.

Trademarks

Registered trademarks are protected under the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated on August 23, 1982, and latest amended on April 23, 2019, and related rules and regulations. Trademarks are registered with the Trademark Office of China National Intellectual Property Administration, formerly the Trademark Office of the State Administration for Industry and Commerce. Where registration is sought for a trademark that is identical or similar to another trademark which has already been registered or given preliminary examination and approval for use in the same or similar category of commodities or services, the application for registration of this trademark may be rejected. Trademark registrations are effective for 10 years, unless otherwise revoked.

Domain Names

Pursuant to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017, and effective from November 1, 2017, the Ministry of Industry and Information Technology supervises and administers domain services nationwide. The principle of "first come, first serve" is followed for the domain name registration service. Applicants of domain name registration shall provide the domain name registration authority with true, accurate and complete information about the identity of the domain name holder for registration purpose and sign a registration agreement with it. After completing the domain name registration, the applicant becomes the holder of the domain name registered by him/her/it.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) which was promulgated by the SCNPC on March 12, 1984, and latest amended on October 17, 2020, and the revised version of which became effective on June 1, 2021, and its Implementation Rules (《中華人民共和國專利法實施細則》) which were promulgated by the State Council on June 15, 2001, and became effective on July 1, 2001 and latest amended on December 11, 2023, and the revised version of which became effective on January 20, 2024, the patent administrative department of the State Council is responsible for administering patents in the PRC. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention", "utility model" and "design." "Invention" refers to any new technical solution in relation to a product, or a process or improvement thereof; "utility model" refers to any new technical solution relating to the shape, structure, or their combination, of a product, which is suitable for practical use; "design" refers to a new design that is aesthetic and suitable for industrial application for the overall or partial shape, pattern or its combination of products, as well as the combination of color, shape and pattern. Invention patents, design patents and utility model patents are valid respectively for twenty years, fifteen years and ten years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

REGULATIONS ON REAL ESTATE LEASING

According to the PRC Civil Code (《中華人民共和國民法典》) which took effect on January 1, 2021, an owner of immovable or movable property is entitled to possession, use, earnings, and disposal of such property in accordance with the law. Subject to the consent of the lessor, the lessee may sublease the leased premises to a third party. Where a lessee subleases the premises, the lease contract between the lessee and the lessor remains valid. The lessor is entitled to terminate the lease if the lessee subleases the premises without the consent of the lessor. In addition, if the ownership of the leased premises changes during the lessee's possession in accordance with the terms of the lease contract, the validity of the lease contract shall not be affected.

On December 1, 2010, the Ministry of Housing and Urban-Rural Development promulgated the Administrative Measures on Leasing of Commodity Housing (《商品房屋租賃管理辦法》), which became effective on February 1, 2011. According to such measures, the lessor and the lessee are required to complete property leasing registration and filing formalities within 30 days from execution of the property lease contract with the development authorities or real estate authorities of the municipality or county where the leased property is located. If a company fails to do as aforesaid, it may be ordered to rectify within a stipulated period, and if such company fails to rectify, a fine ranging from RMB1,000 to RMB10,000 may be imposed on each lease agreement.

REGULATIONS ON TAX IN THE PRC

Income Tax Law

According to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》) promulgated by the National People's Congress on March 16, 2007, and most recently amended on December 29, 2018, and effective from the same date and the Enterprise Income Tax Implementation Regulations (《中華人民共和國企業所得稅法實施條例》) promulgated by the State Council on December 6, 2007, and most recently amended on April 23, 2019, and effective from the same date, enterprises are divided into resident enterprises and non-resident enterprises. Resident enterprises are enterprises which are set up in China in accordance with the law, or which are set up in accordance with the law of a foreign country (region) whose actual administration institution is in China. Non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or have no such institutions or establishments but have income generated from inside China. Resident enterprises are subject to a uniform 25% enterprise income tax rate on their worldwide income. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The high-tech enterprises that need full support from the PRC's government will enjoy a 15% preferential tax rate for Enterprise Income Tax.

Value-Added Tax

Pursuant to the Provisional Regulations on Value-Added Tax of the People's Republic of China (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council on December 13, 1993 and most recently amended on November 19, 2017, effective from the same date, and the Detailed Rules for the Implementation of the Interim Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》) which was promulgated by the MOF on December 25, 1993, and most recently amended on October 28, 2011, and effective from November 1, 2011, all entities or individuals in the PRC engaged in the sale of goods, processing services, repair and replacement services, and the provision of services, sales of intangible assets, real estate and importation of goods are required to pay value-added tax ("VAT"). Unless otherwise provided, taxpayers engaged in provision of services and sales of intangible assets are subject to a tax rate of 6%. According to the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (《關於全面推開營業稅改徵增值稅試點的通知》 (財稅第36號)) promulgated by the MOF and the SAT promulgated on March 23, 2016, and effective from May 1, 2016, and amended on July 11, 2017, December 25, 2017, and March 20, 2019, with the approval of the State Council, as of May 1, 2016, the pilot program of replacing business tax with VAT shall be implemented across the country, all business tax taxpayers in the construction industry, the real estate industry, the financial industry, and the living service industry shall be included in the scope of the pilot program, and the payment of business tax shall be replaced by the payment of VAT.

REGULATIONS ON M&A AND OVERSEAS LISTING IN THE PRC

Under the M&A Rules, which were jointly adopted by six PRC regulatory authorities, including the CSRC, on August 8, 2006, and became effective on September 8, 2006, and most recently amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when (i) such foreign investor acquires equity in a domestic non-foreign invested enterprise thereby converting it into a foreign-invested enterprise, or subscribes for new equity in a domestic enterprise via an increase of registered capital thereby converting it into a foreign-invested enterprise; or (ii) a foreign investor establishes a foreign-invested enterprise which purchases and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. According to the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/her/him, acquires a domestic company which is related to or connected with it/her/him, an approval from MOFCOM is required.

On July 6, 2021, the General Office of the CPC Central Committee and the General Office of the State Council jointly published the Opinions on Strictly Cracking Down Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》). These opinions indicate that the PRC government will take measures to strengthen regulation over illegal securities activities and supervision on overseas securities offerings and listings of China-based companies.

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Trial Administrative Measures") and relevant five guidelines, which came into force on March 31, 2023.

According to the Trial Administrative Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as an order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (a) any of the total assets, net assets, revenue or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (b) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (iii) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the

CSRC, and where an issuer makes an application for offering and listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted. Failure to complete the filing under the Trial Administrative Measures may subject a PRC domestic company to rectification ordered by the CSRC, a warning and a fine of RMB1 million to RMB10 million.

Besides, PRC domestic companies seeking overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC government on foreign investment, state-owned assets, industry regulation, overseas investment, etc., shall not disrupt domestic market order, and shall not harm national interests, public interest and the legitimate rights and interests of domestic investors. PRC domestic companies that conduct overseas offering and listing shall (i) formulate their articles of association, improve their internal control system and standardize their corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to implement the confidentiality responsibility, not divulge any state secret or the work secrets of state authorities, and also comply with laws, administrative regulations and the relevant provisions of the PRC where involved in the overseas provision of personal information and important data. In addition, the Trial Administrative Measures also provide the circumstances where the overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing are explicitly prohibited by specific PRC laws and regulations; (ii) such securities offering and listing constitute a threat to or endanger national security; (iii) the PRC domestic company, or its controlling shareholder(s) and the actual controller, has committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the PRC domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or the actual controller.

REGULATIONS ON FOREIGN EXCHANGE

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》), which was promulgated by the State Council on January 29, 1996, and was latest amended on August 5, 2008. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade-and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange (the "SAFE") or its local counterpart is obtained.

On February 13, 2015, the SAFE promulgated the Notice on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (《關於進一步簡化和改進直接投資外匯管理政策的通知》), according to which, entities and individuals may apply for such foreign exchange registrations from qualified banks. The qualified banks, under the supervision of SAFE, may directly review the applications and conduct the registration. On March 30, 2015, the SAFE promulgated the Circular on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "SAFE Circular 19"). According to the SAFE Circular 19, the foreign exchange capital of foreign-invested enterprises shall be subject to the Discretionary Foreign Exchange Settlement, which means that the foreign exchange capital in the capital account of a foreign-invested enterprise for which the rights and interests of monetary contribution have been confirmed by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operational needs of the foreign-invested enterprise, and if a foreign-invested enterprise needs to make further payment from such account, it still needs to provide supporting documents and proceed with the review process with the banks. Furthermore, the SAFE Circular 19 stipulates that the use of capital by foreign-invested enterprises shall follow the principles of authenticity and self-use within the business scope of enterprises. The capital of a foreign-invested enterprise and capital in Renminbi obtained by the foreign-invested enterprise from foreign exchange settlement shall not be used for the following purposes: (i) directly or indirectly used for payments beyond the business scope of the enterprises or payments as prohibited by relevant laws and regulations; (ii) directly or indirectly used for investment in securities unless otherwise provided by the relevant laws and regulations; (iii) directly or indirectly used for granting entrust loans in Renminbi (unless permitted by the scope of business), repaying inter-enterprise borrowings (including advances by the third-party) or repaying the bank loans in Renminbi that have been sub-lent to third parties; or (iv) directly or indirectly used for expenses related to the purchase of real estate that is not for self-use (except for the foreign-invested real estate enterprises).

The Circular of Further Simplifying and Improving Foreign Exchange Administration Policies on Foreign 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 "SAFE Circular 13"), which became effective on June 1, 2015, and was amended on December 30, 2019, cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment and simplifies the procedure of foreign exchange-related registration. Pursuant to the SAFE Circular 13, investors should register with banks for direct domestic investment and direct overseas investment.

The Circular on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account (《關於改革和規範資本項目結匯管理政策的通知》) (the "SAFE Circular 16") was promulgated by SAFE on June 9, 2016, and was amended on December 4, 2023. Pursuant to the SAFE Circular 16, enterprises registered in the PRC may also convert their foreign debts from foreign currency to Renminbi on a self-discretionary basis. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope or prohibited by PRC Laws, while such converted Renminbi shall not be provided as loans to its non-affiliated entities.

On January 26, 2017, the SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (《關於進一步推進外匯管理改革完善真實合規性審核的通知》), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including: (i) banks should check board resolutions regarding profit distribution, the original version of tax filing records, and audited financial statements pursuant to the principle of genuine transactions; and (ii) domestic entities should hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to this circular, domestic entities should make detailed explanations of the sources of capital and utilization arrangements, and provide board resolutions, contracts, and other proof when completing the registration procedures in connection with an outbound investment.

On October 23, 2019 and on December 4, 2023, the SAFE promulgated and amended the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment (《關於進一步促進跨境貿易投資便利化的通知》) which, among other things, allows all foreign invested enterprises to use Renminbi converted from foreign currency denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. According to the Circular of the State Administration for Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) promulgated and effective on April 10, 2020, by the SAFE, the reform of facilitating the payments of incomes under the capital accounts shall be promoted nationwide. Under the prerequisite of ensuring true and compliant use of funds and compliance with the prevailing administrative provisions on use of income from capital projects, enterprises which satisfy the criteria are allowed to use income under the capital account, such as capital funds, foreign debt and overseas listing, etc., for domestic payment, without the need to provide proof materials for veracity to the bank beforehand for each transaction.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION OF OVERSEAS INVESTMENT BY PRC RESIDENTS

On July 4, 2014, the SAFE promulgated the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment 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》) (“Circular 37”) to simplify the approval process, and for the promotion of the cross-border investment. Circular 37 supersedes the Notice on Relevant Issues on the Foreign Exchange Administration of Raising Funds through Overseas Special Purpose Vehicle and Investing Back in China by Domestic Residents (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) and revises and regulates the relevant matters involving foreign exchange registration for round-trip investment. Under Circular 37, (i) a resident in mainland China must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or an Oversea SPV, that is directly established or indirectly controlled by the PRC resident to conduct investment or financing; and (ii) following the initial registration, PRC resident must update his or her

SAFE registration when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term, increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions).

Under the SAFE Circular 13, the aforementioned registration shall be directly reviewed and handled by qualified banks, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

Failure to comply with the registration procedures outlined in Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or Affiliate, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control the company from time to time are required to register with the SAFE in connection with their investments in the company. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange regulations.

REGULATIONS ON DIVIDEND DISTRIBUTION

The principal regulations governing the distribution of dividends of foreign-invested enterprises include the PRC Company Law, the Foreign Investment Law, and the Implementation Rules of the Foreign Investment Law (《中華人民共和國外商投資法實施條例》) promulgated by the State Council and took into effect on January 1, 2020. Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated after-tax profits, if any, determined following PRC accounting standards and regulations. In addition, foreign-invested enterprises in China are required to allocate at least 10% of their respective accumulated profits each year, if any, to fund certain reserve funds until these reserves have reached 50% of the registered capital of the enterprises. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. Wholly foreign-owned companies may, at their discretion, allocate a portion of their after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserves are not distributable as cash dividends.

OVERVIEW

We are the largest home maintenance and repair platform in China in terms of GTV in the year ended December 31, 2023, occupying 2.4% market share of the online home maintenance and repair industry in China in 2023 in terms of GTV, according to CIC. Our Group's history can be traced back to April 2004, when Mr. Wang founded a sole proprietorship engaged in the repair and maintenance of refrigeration equipments in Chongqing with his sister Ms. Wang. In December 2014, with his forward-thinking awareness of the industry trend, Mr. Wang founded Chongqing Woodpecker together with Mr. Zhu and Ms. Wang. Mr. Wang became acquainted with Mr. Zhu at a client appreciation event organized by Chongqing Daily, when Mr. Zhu was working as a publisher at Chongqing Daily. Envisaging market potential in China's home maintenance and repair market and the digital transformation trend, Mr. Wang and Mr. Zhu decided to found Chongqing Woodpecker in 2014 with the aim of establishing a platform to serve as a convenient one-stop solution for a diverse array of home maintenance and repair needs. See "Directors and Senior Management" for biographies of Mr. Wang and Mr. Zhu.

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on September 11, 2023. Upon completion of the Reorganization, the Company became the ultimate holding company of our Group. For details of the Reorganization, see "— Reorganization".

KEY MILESTONES

The following table summarizes the key milestones in our operational history.

Year	Milestone
2014	Chongqing Woodpecker was established
2014	A network of 14 branches was established across key cities including Beijing, Shanghai and Shenzhen
2015	We formed strategic partnerships with multiple vocational and technical schools
2016	We have reached strategic collaboration with multiple property management companies
2016	We are recognized as the "High and New Technology Enterprises (高新技術企業)" by Chongqing municipal authorities
2017	We obtained the home repair services GB/T19001-2016 certification for service quality management system

Year	Milestone
2020	We were awarded the title of "Specialized and Innovative Enterprise 2020 (專精特新企業2020)" by Chongqing municipal authority
2021	The Golden Tripod Award for Chinese Brands (中國品牌金鼎獎) was awarded to Chongqing Woodpecker
2021	Expanded our geographical reach to Shijiazhuang, Taiyuan, Lanzhou, Dongguan and Ningbo
2022	Chongqing Woodpecker was rated as the AAA grade credit-rated enterprise by National Enterprise Credit Information Public Service Center (全國企業信用信息公共服務中心)
2022	We are awarded the title of "2022 Chongqing Key Software and Information Service Enterprise Leader (2022年度重慶市重點軟件和信息服務企業—龍頭型)" and "Big Data Application Demonstration Enterprise (大數據應用示範企業)" by Chongqing municipal authorities
2023	We are recognized by Chongqing municipal authority as the Chongqing Enterprise Technology Center (重慶企業技術中心)
2024	We are granted the "International Industry Influential Brand Award (國際行業影響力品牌獎)" by the China Brand Innovation Development Project (中國品牌創新發展工程)
	We are recognized by Chongqing Liangjiang New Area Management Committee (重慶兩江新區管委會) as a leading enterprise in the high-end service industry of Chongqing Liangjiang New Area

OUR MAJOR SUBSIDIARY

During the Track Record Period, the member of our Group that made a material contribution to our results of operations is Chongqing Woodpecker, the principal business activities and date of establishment or incorporation of which are shown below:

Name of company	Place of establishment/ incorporation	Principal business activities	Date of establishment/ incorporation
Chongqing Woodpecker	PRC	Online home maintenance and repair platform services	December 3, 2014

MAJOR CORPORATE DEVELOPMENTS OF OUR GROUP

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on September 11, 2023. For details of the shareholding of each of the Shareholders of our Company upon incorporation, see "— Reorganization — 1. Incorporation of our Company and Offshore Subsidiaries".

For subsequent shareholding changes of our Company as part of the Pre-[**REDACTED**] Investments and the Reorganization, see "— Pre-[**REDACTED**] Investments" and "— Reorganization".

Chongqing Woodpecker

(i) Incorporation of Chongqing Woodpecker in 2014

Chongqing Woodpecker was established in the PRC on December 3, 2014 with an initial registered capital of RMB25,000,000. Upon establishment, Mr. Wang, China Dotman and Mr. Zhu held 51%, 48% and 1% of the then registered capital of Chongqing Woodpecker, respectively.

(ii) Early Corporate Development Before 2021

After incorporation and prior to the commencement of the Track Record Period, Chongqing Woodpecker underwent the several rounds of capital increases to raise funds for the development of its business, and to establish several shareholding platforms to incentivize its employees. The major shareholding changes are set out below.

Transfer to Beijing Yiming and Subscription by Chongqing Zhuojinren

Pursuant to a share transfer agreements dated April 7, 2016 entered into between China Dotman and Beijing Yiming Investment Center (Limited Partnership) (北京奕銘投資管理中心(有限合夥)) ("Beijing Yiming"), Beijing Yiming acquired RMB1,000,000 registered capital of Chongqing Woodpecker from China Dotman at a consideration of RMB1,600,000. See "— Pre-[**REDACTED**] Investments" for details.

On the same date, Mr. Wang entered into a share transfer agreement with Mr. Zhu, pursuant to which he transferred RMB250,000 registered capital of Chongqing Woodpecker to Mr. Zhu at a consideration of RMB250,000.

On the same date, pursuant to the shareholders resolutions adopted by the then shareholders of Chongqing Woodpecker, the registered capital of Chongqing Woodpecker was increased from RMB25,000,000 to RMB31,430,000 and Chongqing Zhuojinren acquired the increased registered capital of RMB6,430,000 of Chongqing Woodpecker. Chongqing Zhuojinren is one of our Chongqing Incentive Platforms. "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for details.

Immediately after the above shareholding changes, the registered capital of Chongqing Woodpecker was held by Mr. Wang, China Dotman, Chongqing Zhuojinren, Beijing Yiming and Mr. Zhu as to approximately 39.77%, 35.00%, 20.46%, 3.18% and 1.59%, respectively.

Transfer to Chongqing Zhuojinke and Chongqing Zhuojinniao

Pursuant to the respective share transfer agreement dated October 30, 2017 entered into among the then shareholders of Chongqing Woodpecker, Chongqing Zhuojinke and Chongqing Zhuojinniao, Chongqing Zhuojinniao and Chongqing Zhuojinke acquired a total of RMB1,571,500 and RMB11,545,590 registered capital from the then shareholders of Chongqing Woodpecker at a total consideration of RMB608,357 and RMB4,469,507, respectively. Each of Chongqing Zhuojinke and Chongqing Zhuojinniao is one of our Chongqing Incentive Platforms. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for details.

Immediately after the above shareholding changes, the registered capital of Chongqing Woodpecker was held by Mr. Wang, Chongqing Zhuojinke, China Dotman, Chongqing Zhuojinren, Chongqing Zhuojinniao, Beijing Yiming and Mr. Zhu as to approximately 37.78%, 36.73%, 11.90%, 6.96%, 5.00%, 1.08% and 0.54%, respectively.

Series A Financing

Pursuant to a capital increase agreement dated November 11, 2017 entered into between Woodpecker, Beijing Cloud-Enterprise Internet Investment Co., Ltd. (北京雲企互聯投資有限公司) ("Cloud-Enterprise Internet"), Suzhou Industry Zone Shunwei Technology Venture Capital Partnership (Limited Partnership) (蘇州工業園區順為科技創業投資合夥企業(有限合夥)) ("Suzhou Shunwei") and Tianjin Jinmi Investment Partnership (Limited Partnership) (天津金米投資合夥企業(有限合夥)) ("Tianjin Jinmi"), Cloud-Enterprise Internet, Suzhou Shunwei and Tianjin Jinmi agreed to invest in Chongqing Woodpecker by subscription of its increased registered capital of an aggregate of RMB3,492,222.23, at a total consideration of RMB16,666,667. The Series A Financing was duly completed on January 5, 2018.

See "— Pre-[**REDACTED**] Investments" for details of the Series A Financing and background of the Series A Investors.

Immediately after the Series A Financing, the registered capital of Chongqing Woodpecker was held by Mr. Wang, Chongqing Zhuojinke, China Dotman, Chongqing Zhuojinren, Cloud-Enterprise Investment, Chongqing Zhuojinniao, Suzhou Shunwei, Tianjin Jinmi, Beijing Yiming and Mr. Zhu as to approximately 34.00%, 33.06%, 10.71%, 6.26%, 5.00%, 4.50%, 2.50%, 2.50%, 0.97% and 0.49%, respectively.

Transfer to and Subscription by Chongqing Zhuojintoo, Transfer to Ms. Wang and Series B Financing

Pursuant to a share transfer agreement dated November 12, 2020 entered into between Chongqing Zhuojinniao and Chongqing Zhuojintoo, Chongqing Zhuojinniao transferred RMB116,561.80 registered capital of Chongqing Woodpecker to Chongqing Zhuojintoo. Chongqing Zhuojintoo is one of our Chongqing Incentive Platforms. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for details.

On December 23, 2020, Mr. Wang transferred to Ms. Wang RMB5,238,333.34 registered capital of Chongqing Woodpecker which he previously held on behalf of Ms. Wang at nil consideration. In April 2004, Mr. Wang, together with Ms. Wang, founded the sole proprietorship as a family-run business to provide traditional offline home appliance repair and maintenance services in Chongqing. Since then Ms. Wang had been assisting Mr. Wang in the day-to-day operation and management of such sole proprietorship. In 2017, Ms. Wang decided to retire in order to devote more time to her family. Having confidence and faith in Mr. Wang's vision and leadership to drive the Group's continued growth and development, Ms. Wang entered into the Onshore AIC Agreement on November 19, 2020, pursuant to which she had agreed to act in concert with Mr. Wang for so long as they remain interested in Chongqing Woodpecker and to act at the direction of Mr. Wang in the event that they could not reach a consensus. See "— Acting in Concert Arrangements" below for details.

Pursuant to a capital increase agreement dated December 25, 2020 entered into by, among others, Chongqing Woodpecker, Hunan Wuba Qianmo Equity Investment Fund Partnership (Limited Partnership) (湖南五八阡陌股權投資基金合夥企業(有限合夥)) ("Hunan Wuba Qianmo"), 58 Co., Ltd. (五八有限公司) and Chongqing Liangjiang New Area Science and Technology Innovation Private Equity Investment Fund Partnership (Limited Partnership) (重慶兩江新區科技創新私募股權投資基金合夥企業(有限合夥)) ("Liangjiang Investment"), Hunan Wuba Qianmo, 58 Co., Ltd and Liangjiang Investment agreed to invest in Chongqing Woodpecker by subscription of its increased registered capital of an aggregate of RMB3,784,695.84, at a total consideration of RMB85,000,000. The Series B Financing was duly completed on January 28, 2021.

See "— Pre-[**REDACTED**] Investments" for details of the Series B Financing and background of Series B Investors.

Upon completion of the abovementioned shareholding changes, the shareholding structure of Chongqing Woodpecker was as follows:

No.	Name of Shareholder	Registered Capital	Equity Interest
		(RMB)	*(approx. %)*
1.	Chongqing Zhuojinke	11,545,590.00	29.30
2.	Mr. Wang	6,636,384.66	16.84
3.	Ms. Wang	5,238,333.34	13.29
4.	China Dotman	3,741,270.00	9.49
5.	Hunan Wuba Qianmo	2,226,291.67	5.65
6.	Chongqing Zhuojinren	2,187,040.00	5.55
7.	Cloud-Enterprise Internet	1,746,111.11	4.43
8.	Chongqing Zhuojinniao	1,454,938.20	3.69
9.	58 Co., Ltd.	1,335,775.00	3.39
10.	Suzhou Shunwei	873,055.56	2.22
11.	Tianjin Jinmi	873,055.56	2.22
12.	Chongqing Zhuojinniu	698,444.44	1.77
13.	Beijing Yiming	339,921.00	0.86
14.	Liangjiang Investment	222,629.17	0.57
15.	Mr. Zhu	169,961.00	0.43
16.	Chongqing Zhuojintoo	116,561.80	0.30
	Total	**39,405,362.51**	**100.00**

(iii) Series B+ Financing

Pursuant to a capital increase agreement dated August 8, 2021 entered into by, among others, Chongqing Woodpecker, 58 Co., Ltd., Hunan Caixin Jingjin Equity Investment Partnership (Limited Partnership) (湖南財信精進股權投資合夥企業(有限合夥)) ("Caixin Investment") and Chongqing Fajin Situo Enterprise Management Service Partnership (Limited Partnership) (重慶法進思托企業管理服務合夥企業(有限合夥))("Fajin Situo"), 58 Co., Ltd, Caixin Investment and Fajin Situo agreed to invest in Chongqing Woodpecker by subscription of its increased registered capital of an aggregate of RMB4,728,643.51, at a total consideration of RMB120,000,000. The Series B+ Financing was duly completed on December 8, 2021.

See "— Pre-[**REDACTED**] Investments" for details of the Series B+ Financing and background of Series B+ Investors.

Upon completion of the abovementioned shareholding changes, the shareholding structure of Chongqing Woodpecker was as follows:

No.	**Name of Shareholder**	**Registered Capital**	**Equity Interest**
		(RMB)	*(approx. %)*
1.	Chongqing Zhuojinke	11,545,590.00	26.16
2.	Mr. Wang	6,636,384.66	15.04
3.	Ms. Wang	5,238,333.34	11.87
4.	58 Co., Ltd.	4,094,150.38	9.28
5.	China Dotman	3,741,270.00	8.48
6.	Hunan Wuba Qianmo	2,226,291.67	5.04
7.	Chongqing Zhuojinren	2,187,040.00	4.96
8.	Cloud-Enterprise Internet	1,746,111.11	3.96
9.	Chongqing Zhuojinniao	1,454,938.20	3.30
10.	Caixin Investment	1,182,160.88	2.68
11.	Suzhou Shunwei	873,055.56	1.98
12.	Tianjin Jinmi	873,055.56	1.98
13.	Fajin Situo	788,107.25	1.79
14.	Chongqing Zhuojinniu	698,444.44	1.58
15.	Beijing Yiming	339,921.00	0.77
16.	Liangjiang Investment	222,629.17	0.50
17.	Mr. Zhu	169,961.00	0.39
18.	Chongqing Zhuojintoo	116,561.80	0.26
	Total	**44,134,006.02**	**100.00**

(iv) Series C Financing

Pursuant to the respective loan agreement and investment framework agreement dated October 11, 2023 entered into between Chongqing Woodpecker and Tianjin Shenhao Enterprise Management Partnership (Limited Partnership) (天津申好企業管理合夥企業(有限合夥)) ("Tianjin Shenhao"), Xiamen Detaoda Home Industry Investment M&A Fund Partnership (Limited Partnership) (廈門德韜大家居產業投資並購基金合夥企業(有限合夥)) ("Detaoda Home"), Xiamen Detao Huitai Investment Partnership (Limited Partnership) (廈門德韜匯泰投資合夥企業(有限合夥)) ("Detao Huitai"), Wuxi Junfeng Equity Investment Partnership (Limited Partnership) (無錫君楓股權投資合夥企業(有限合夥)) ("Wuxi Junfeng"), Huai'an Yiming Tiancheng Equity Investment Partnership (Limited Partnership) (淮安奕銘天誠股權投資合夥企業(有限合夥)) ("Huai'an Yiming") and Shenzhen Chen'an Industrial Development Co., Ltd. (深圳宸安實業發展有限公司) ("Shenzhen Chen'an"), Tianjin Shenhao, Detaoda Home, Detao Huitai, Wuxi Junfeng, Huai'an Yiming and Shenzhen Chen'an agreed to advance an onshore loan to Chongqing Woodpecker with a total principal amount of RMB70,000,000, in consideration for the issuance of shares by the Company at a total consideration which is equivalent to the total principal amount of the loan advanced to the Company. Issuance of shares by the Company is conditional upon the relevant Series C Investors or their respective affiliates completing relevant overseas direct investment filings and approvals with (i) the NDRC or its local counterparts; and (ii) the MOFCOM or its local counterparts (together, the "ODI Filings"). Upon the relevant investors completing the ODI Filings, Chongqing Woodpecker shall be obligated to make repayment of the full principal amount of the onshore loan to the relevant Series C Investors, and the full repayment amount shall be remitted offshore to fund the subscription of the shares by such Series C Investors. As advised by our PRC Legal Advisor, the relevant loan agreements were legally binding. As of the Latest Practicable Date, as confirmed by the Company, the loan had been fully settled and the Group had not received any notice of claim or was subject to any investigation or penalty relating to the onshore loans. On this basis, our PRC Legal Advisor is of the view that the risk of the Group being penalized for the onshore loan pursuant to the General Lending Provisions by the relevant regulatory authorities is remote.

Following the completion of the ODI Filings and the overseas fund remitting by Tianjin Shenhao, Detaoda Home, Detao Huitai, Wuxi Junfeng, Huai'an Yiming and Shenzhen Chen'an, they entered into the Series C share purchase agreement with, among others, the Company, WFOE, Chongqing Woodpecker and JPND Singapore Pte. Ltd ("JPND") and Astrend V Beta Limited ("Astrend") on January 4, 2024, pursuant to which a total of 11,381,160 Series C Preferred Shares were issued to Tianjin Shenhao, Detaoda Home, Detao Huitai, Wuxi Junfeng, Huai'an Yiming, Shenzhen Chen'an, JPND and Astrend for a total consideration of approximately RMB196,657,500, which was fully settled on January 26, 2024.

On March 19, 2024, pursuant to the share purchase agreement entered into between, among others, the Company, WFOE, Chongqing Woodpecker and Trend Xpand Limited ("Trend"), the Company agreed to issue and sell to Trend a total of 1,737,422 Series C Preferred Shares for a total consideration of RMB30,000,000, which was fully settled on March 25, 2024.

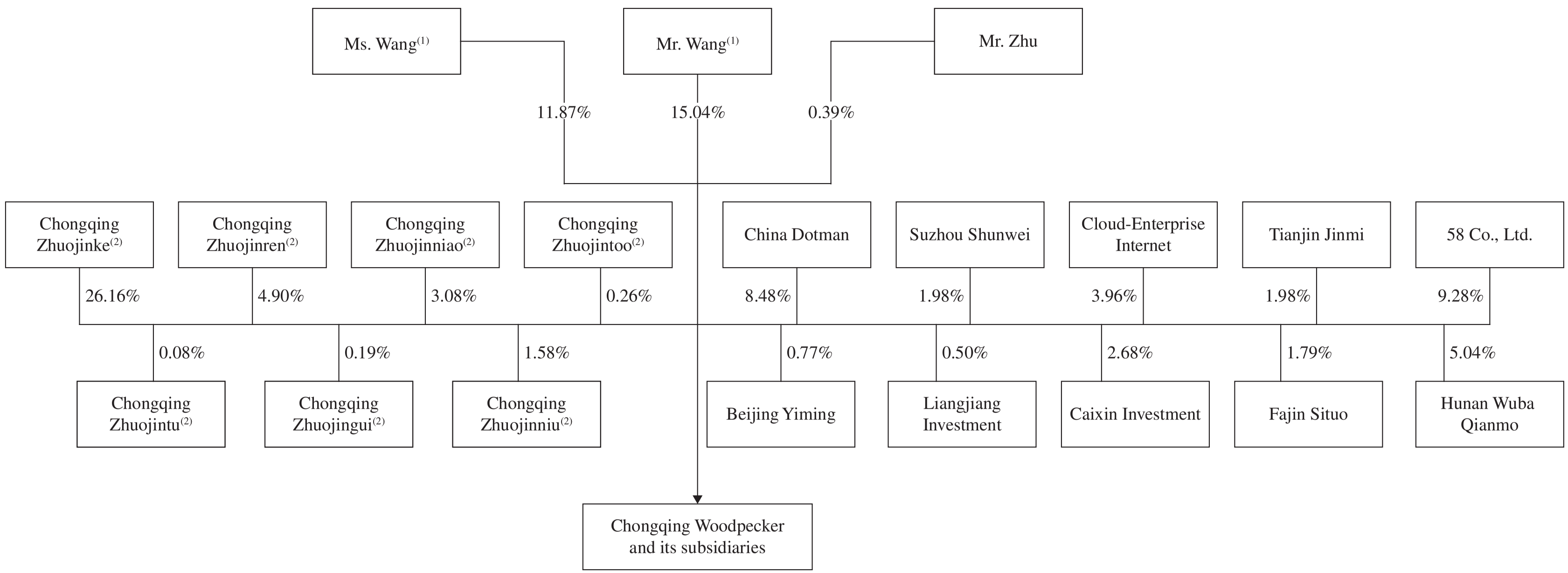
See "— Pre-[**REDACTED**] Investments" for details of Series C Financing and background of the Series C Investors.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and as of the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

REORGANIZATION

The following chart sets forth our Group's corporate and shareholding structure immediately prior to the commencement of the Reorganization.



Notes:

(1) Ms. Wang is the sister of Mr. Wang. Pursuant to the Onshore AIC Agreement, Ms. Wang has been acting in concert with Mr. Wang at the general meeting of Chongqing Woodpecker. See "— Acting in Concert Arrangements" below for details.

(2) Chongqing Zhuojinke, Chongqing Zhuojinren, Chongqing Zhuojinniao, Chongqing Zhuojintoo, Chongqing Zhuojintu and Chongqing Zhuojingui are the share incentive platform established to incentivize employees and other key stakeholders of the Group prior to the Reorganization, the general partner of which is Mr. Wang. See " — Incentive Platforms" and "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for details of the ownership structure of the relevant incentive platforms. Chongqing Zhuojinniu was originally set up as an onshore incentive platform for the purpose of incentivizing a key supplier who provided advertising services to the Group. As the supplier did not satisfy the pre-agreed performance target in relation to advertising services, Chongqing Zhuojinniu exited Chongqing Woodpecker during the Reorganization by way of capital reduction at nil consideration.

We underwent the following Reorganization steps in preparation for the [**REDACTED**].

1. Incorporation of our Company and Offshore Subsidiaries

Our Company

On September 11, 2023, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and has an authorized share capital of US$50,000 divided into 500,000,000 shares with a par value of US$0.0001 each. Upon incorporation, one share, representing the then issued share capital of our Company, was issued and transferred to WANGW Holding Limited at nominal value.

On the same date, the Company allotted and issued 24,089,357 shares to the offshore holding vehicles wholly owned by the individual shareholders of Chongqing Woodpecker, namely, Mr. Wang, Ms. Wang and Mr. Zhu. The consideration paid by each of such shareholders is equivalent to the par value of their respective subscribed shares. Upon completion, the shareholding structure of our Company is set out below:

No.	Name of Shareholder	Number of shares	Shareholding
			(%)
1. . .	WANGW Holding Limited[(1)]	13,272,769	55.10
2. . .	WANGYH Holding Limited[(2)]	10,476,667	43.49
3. . .	ZHUHK Holding Limited[(3)]	339,922	1.41
	Total	**24,089,358**	**100.00**

Notes:

(1) WANGW Holding Limited is wholly owned by WGW INDIVIDUAL Holding Limited, which is in turn wholly owned by Mr. Wang.

(2) WANGYH Holding Limited is wholly owned by WYH Holding Limited, which is in turn wholly owned by Ms. Wang.

(3) ZHUHK Holding Limited is wholly owned by ZHK Holding Limited, which is in turn wholly owned by Mr. Zhu.

Offshore Subsidiaries

On September 21, 2023, Woodpecker BVI was incorporated in the British Virgin Islands as a direct wholly-owned subsidiary of our Company.

On October 10, 2023, Woodpecker HK was incorporated as a limited liability company in Hong Kong as a direct wholly-owned subsidiary of Woodpecker BVI.

On November 10, 2023, WFOE was incorporated in the PRC as a direct wholly-owned subsidiary of Woodpecker HK with a registered capital of RMB410,000,000.

2. Adjustment of Onshore Incentive Platforms and Establishment of the Tianjin Incentive Platforms

During the course of its development, to incentivize our employees and other key stakeholders, we established several onshore shareholding platforms at Chongqing Woodpecker's level, namely, Chongqing Zhuojinke, Chongqing Zhuojinren, Chongqing Zhuojinniao, Chongqing Zhuojintoo, Chongqing Zhuojingui and Chongqing Zhuojintu. For the purpose of better administration, non-employees holding partnership interests in the these platforms exited from their respective original platforms, and their interests were then reflected in Chongqing Yuzhuoxing.

To complete ODI procedure and reflect the interests of the relevant onshore incentive platforms at the Company's level, the seven Tianjin Incentive Platforms, namely, Tianjin Zhuojinke, Tianjin Zhuojinren, Tianjin Zhuojinniao, Tianjin Zhuojintoo, Tianjin Zhuojinxiang, Tianjin Zhuojintu and Tianjin Yuzhuoxing, were established in November 2023, to directly hold shares in the Company. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

3. Capital Reduction of Chongqing Woodpecker

On January 4, 2024, certain then existing shareholders of Chongqing Woodpecker exited Chongqing Woodpecker by way of capital reduction in its registered capital in a total amount of RMB32,089,327.02 for a total consideration of RMB235,835,222.00 ("Capital Reduction").

Following the Capital Reduction, Chongqing Woodpecker was owned by Mr. Wang, Ms. Wang, Mr. Zhu and Yiming Investment Holdings Ltd. ("Yiming Investment"), as to approximately 53.03%, 41.86%, 1.36% and 3.75%, respectively.

4. Issuance of Shares of our Company in January 2024

To reflect the onshore shareholding of Chongqing Woodpecker, on January 3, 2024, our Company allotted and issued 679,842 ordinary Shares, 6,984,444 Series A Preferred Shares, 7,569,391 Series B Preferred Shares and 9,457,288 Series B+ Preferred Shares to the Yiming Investment, the Series A Investors, the Series B Investor and the Series B+ Investors, respectively. The consideration paid by each of such Shareholders is equivalent to the amount received in the Capital Reduction. On January 4, 2024 and January 19, 2024, the Company allotted and issued a total of 11,381,160 Series C Preferred Shares to Tianjin Shenhao, Detaoda Home, Detao Huitai, Wuxi Junfeng, Huai'an Yiming, Shenzhen Chen'an, JPND and Astrend at a total consideration of RMB196,657,500, which was fully settled on January 26, 2024. Upon completion of the above, the shareholding structure of our Company is set out as follows:

No.	Name of Shareholder	Number of Shares	Shareholding
			(approx. %)
1.	WANGW Holding Limited	13,272,769	13.51
2.	WANGYH Holding Limited	10,476,667	10.66
3.	ZHUHK Holding Limited	339,922	0.35
4.	Tianjin Zhuojinke	22,344,377	22.74
5.	Dream Landing Holdings Limited	11,680,523	11.89
6.	China Dotman	7,482,540	7.62
7.	Tianjin Wuba Qianmo	4,452,583	4.53
8.	Tianjin Zhuojinren	3,581,417	3.65
9.	Tianjin Zhuojinniao	2,676,488	2.72
10. . . .	Caixin Investment	2,364,322	2.41
11. . . .	Suzhou Shunwei	1,746,111	1.78
12. . . .	Tianjin Jinmi	1,746,111	1.78
13. . . .	Fajin Situo	1,576,215	1.60
14. . . .	Yiming Investment	679,842	0.69
15. . . .	Liangjiang Investment	445,258	0.45
16. . . .	Tianjin Zhuojintoo	226,834	0.23
17. . . .	Tianjin Zhuojinxiang	171,228	0.17
18. . . .	Tianjin Zhuojintu	73,255	0.07
19. . .	Tianjin Yuzhuoxing	1,534,662	1.56
20. . .	Tianjin Shenhao	868,711	0.88
21. . .	Detaoda Home	868,711	0.88
22. . .	Detao Huitai	289,571	0.29
23. . .	Wuxi Junfeng	579,141	0.59
24. . .	Huai'an Yiming	1,158,282	1.18
25. . .	Shenzhen Chen'an	289,570	0.29
26. . .	JPND	1,158,282	1.18
27. . .	Astrend	6,168,892	6.28
	Total	**98,252,284**	**100.00**

5. Acquisition of Interest in Chongqing Woodpecker by WFOE

On January 11, 2024, WFOE subscribed for the newly increased registered share capital of Chongqing Woodpecker of RMB11,575,363.18 at a consideration of RMB235,835,222.00, which equals to the total consideration received by existing shareholders in the Capital Reduction. On January 15, 2024, Yiming Investment transferred the registered capital of RMB469,315.82 to the WFOE at a nil consideration.

Upon completion of the above subscription and share transfer, Chongqing Woodpecker was held as to approximately 50.00%, 27.55%, 21.75% and 0.70% by the WFOE, Mr. Wang, Ms. Wang and Mr. Zhu, respectively.

6. Contractual Arrangements

On January 5, 2024, WFOE entered into various agreements that constitute the Contractual Arrangements with, among others, Chongqing Woodpecker and the Registered Shareholders, pursuant to which our Group is able to gain effective control over, and to receive 50% of the economic benefits generated by the Consolidated Affiliated Entities. See "Contractual Arrangements" for details.

As advised by our PRC Legal Advisor, all required regulatory approvals or filings in relation to the Reorganization in the PRC described above have been obtained in accordance with the PRC laws and regulations. Our PRC Legal Advisor further advised that the equity transfers and capital increases in the PRC as described above have been properly and legally completed in accordance with PRC Laws.

Shareholding Structure Before and After the Reorganization

The following table sets out the shareholding structure of (i) Chongqing Woodpecker immediately before the Reorganization, and (ii) our Company immediately after the Reorganization.

Shareholding structure of Chongqing Woodpecker Immediately before the Reorganization			Shareholding structure of Our Company Immediately after the Reorganization		
Name of the Pre-Reorganization Shareholder	Registered Capital	Ownership Percentage	Name of the Shareholder (being a Pre-Reorganization Shareholder or its affiliate, whichever applicable)	Number of Shares	Ownership Percentage
	(RMB)	*(approx. %)*			*(approx. %)*
Mr. Wang	6,636,384.66	15.28	WANGW Holding Limited	13,272,769	15.28
Ms. Wang	5,238,333.34	12.06	WANGYH Holding Limited	10,476,667	12.06
58 Co., Ltd.	4,094,150.38	9.43	Dream Landing Holdings Limited(3)	11,680,523	13.45
Cloud-Enterprise Internet	1,746,111.11	4.02			
China Dotman	3,741,270.00	8.61	China Dotman	7,482,540	8.61
Hunan Wuba Qianmo	2,226,291.67	5.13	Tianjin Wuba Qianmo	4,452,583	5.13
Caixin Investment	1,182,160.88	2.72	Caixin Investment	2,364,322	2.72
Suzhou Shunwei	873,055.56	2.01	Suzhou Shunwei	1,746,111	2.01

Shareholding structure of Chongqing Woodpecker Immediately before the Reorganization			Shareholding structure of Our Company Immediately after the Reorganization		
Name of the Pre-Reorganization Shareholder	Registered Capital	Ownership Percentage	Name of the Shareholder (being a Pre-Reorganization Shareholder or its affiliate, whichever applicable)	Number of Shares	Ownership Percentage
	(RMB)	*(approx. %)*			*(approx. %)*
Tianjin Jinmi	873,055.56	2.01	Tianjin Jinmi	1,746,111	2.01
Fajin Situo	788,107.25	1.81	Fajin Situo	1,576,215	1.81
Beijing Yiming	339,921.00	0.78	Yiming Investment	679,842	0.78
Liangjiang Investment	222,629.17	0.51	Liangjiang Investment	445,258	0.51
Mr. Zhu	169,961.00	0.39	ZHUHK Holding Limited	339,922	0.39
Original Chongqing Incentive Platforms(1)	15,304,130.00	35.23	Tianjin Incentive Platforms(4)	30,608,261	35.23
Total	**43,435,561.58(2)**	**100%**	**Total**	**86,871,124**	**100%**

Notes:

(1) Immediately prior to the commencement of the Reorganization, the original Chongqing incentive platforms comprise Chongqing Zhuojinke, Chongqing Zhuojinren, Chongqing Zhuojinniao, Chongqing Zhuojintoo, Chongqing Zhuojintu, Chongqing Zhuojingui and Chongqing Zhuojinniu. As Chongqing Zhuojinniu was originally set up as an onshore incentive platform for the purpose of incentivizing a key supplier who provided advertising services to the Group and the supplier did not satisfy the pre-agreed performance target in relation to advertising services, Chongqing Zhuojinniu exited Chongqing Woodpecker during the Reorganization by way of capital reduction.

For the purpose of better administration, as part of the Reorganization, non-employees holding partnership interests in the original Chongqing incentive platforms exited from their respective platforms, and their interests were then reflected in Chongqing Yuzhuoxing.

(2) The number of registered capital in the table indicates the registered capital immediately prior to the commencement of the Reorganization and assuming that the capital reduction in relation to the exit of Chongqing Zhuojinniu has been completed.

(3) 58 Co., Ltd. and Cloud-Enterprise Internet are the onshore affiliates of Dream Landing Holdings Limited.

(4) Immediately after the Reorganization, Tianjin Incentive Platforms comprise Tianjin Zhuojinke, Tianjin Zhuojinren, Tianjin Zhuojinniao, Tianjin Zhuojintoo, Tianjin Zhuojinxiang, Tianjin Zhuojintu and Tianjin Yuzhuoxing. Each of the Tianjin Incentive Platforms was owned as to 99.99% by the relevant Chongqing Incentive Platform, and 0.01% by its general partner, Chongqing Niuniao.

[**REDACTED**] AND CONVERSION

To enlarge our Company's Share number, on [●], 2024, our Shareholders resolved to, among other things, conduct the [**REDACTED**] pursuant to which each Share in our then issued and unissued share capital with a par value of US$0.0001 was split and subdivided into [**REDACTED**] Shares of the corresponding class with a par value of US$[**REDACTED**] each effective upon the conditions of the [**REDACTED**] being fulfilled.

Our Shareholders also resolved to, immediately upon completion of the [**REDACTED**], conduct the Conversion, pursuant to which each Preferred Share shall be re-designated and reclassified into Ordinary Shares on a one-to-one basis. See "Share Capital" for details.

PRE-[REDACTED] INVESTMENTS

Overview

Our Group has conducted multiple rounds of Pre-[**REDACTED**] Investments, which are summarized below:

Relevant Pre-[REDACTED] Investors (or their respective onshore affiliates)	Method of acquisition of the registered capital of Chongqing Woodpecker	Registered capital of Chongqing Woodpecker acquired or subscribed (whichever applicable)	Date of the subscription or transfer agreement	Consideration paid	Settlement date[1]	Cost per unit of registered capital paid[2]	Discount to the [REDACTED][3]
						(approximation)	
Equity Transfer							
1. Beijing Yiming[4]	Acquisition of registered capital of Chongqing Woodpecker from China Dotman	RMB1,000,000	April 7, 2016	RMB1,600,000	January 4, 2015	RMB1.6	[**REDACTED**]%
Series A Financing							
2. Cloud-Enterprise Internet[5]	Subscription of increased registered capital of Chongqing Woodpecker	RMB1,746,111.11	November 11, 2017	RMB8,333,333	December 26, 2017	RMB4.77	[**REDACTED**]%
3. Suzhou Shunwei	Subscription of increased registered capital of Chongqing Woodpecker	RMB873,055.56	November 11, 2017	RMB4,166,667	December 26, 2017	RMB4.77	[**REDACTED**]%
4. Tianjin Jinmi	Subscription of increased registered capital of Chongqing Woodpecker	RMB873,055.56	November 11, 2017	RMB4,166,667	January 5, 2018	RMB4.77	[**REDACTED**]%

Relevant Pre-[REDACTED] Investors (or their respective onshore affiliates)	Method of acquisition of the registered capital of Chongqing Woodpecker	Registered capital of Chongqing Woodpecker acquired or subscribed (whichever applicable)	Date of the subscription or transfer agreement	Consideration paid	Settlement date[1]	Cost per unit of registered capital paid[2]	Discount to the [REDACTED][3]
						(approximation)	
Series B Financing							
5. Hunan Wuba Qianmo[6]	Subscription of increased registered capital of Chongqing Woodpecker	RMB2,226,291.67	December 25, 2020	RMB50,000,000	January 26, 2021	RMB22.46	**[REDACTED]**%
6. 58 Co., Ltd.[7]	Subscription of increased registered capital of Chongqing Woodpecker	RMB1,335,775	December 25, 2020	RMB30,000,000	January 28, 2021	RMB22.46	**[REDACTED]**%
7. Liangjiang Investment	Subscription of increased registered capital of Chongqing Woodpecker	RMB222,629.17	December 25, 2020	RMB5,000,000	January 21, 2021	RMB22.46	**[REDACTED]**%
Series B+ Financing							
8. 58 Co., Ltd.[7]	Subscription of increased registered capital of Chongqing Woodpecker	RMB2,758,375.38	August 8, 2021	RMB70,000,000	September 10, 2021	RMB25.38	**[REDACTED]**%
9. Caixin Investment	Subscription of increased registered capital of Chongqing Woodpecker	RMB1,182,160.88	August 8, 2021	RMB30,000,000	August 19, 2021	RMB25.38	**[REDACTED]**%
10. Fajin Situo	Subscription of increased registered capital of Chongqing Woodpecker	RMB788,107.25	August 8, 2021	RMB20,000,000	December 8, 2021	RMB25.38	**[REDACTED]**%

Relevant Pre-[REDACTED] Investors (or their respective onshore affiliates)	Method of acquisition of the Shares (whichever applicable)	Shares of the Company acquired or subscribed	Date of the subscription or transfer agreement	Consideration paid	Settlement date[1]	Cost per Share	Discount to the [REDACTED][3]
						(approximation)	
Series C Financing							
11. Tianjin Shenhao	Subscription of Series C Preferred Shares	868,711 Series C Preferred Shares	January 4, 2024	RMB15,000,000	January 16, 2024	RMB17.27	[**REDACTED**]%
12. Detaoda Home	Subscription of Series C Preferred Shares	868,711 Series C Preferred Shares	January 4, 2024	RMB15,000,000	January 24, 2024	RMB17.27	[**REDACTED**]%
13. Detao Huitai	Subscription of Series C Preferred Shares	289,571 Series C Preferred Shares	January 4, 2024	RMB5,000,000	January 24, 2024	RMB17.27	[**REDACTED**]%
14. Wuxi Junfeng	Subscription of Series C Preferred Shares	579,141 Series C Preferred Shares	January 4, 2024	RMB10,000,000	January 16, 2024	RMB17.27	[**REDACTED**]%
15. Huai'an Yiming	Subscription of Series C Preferred Shares	1,158,282 Series C Preferred Shares	January 4, 2024	RMB20,000,000	January 25, 2024	RMB17.27	[**REDACTED**]%
16. Shenzhen Chen'an	Subscription of Series C Preferred Shares	289,570 Series C Preferred Shares	January 4, 2024	RMB5,000,000	January 26, 2024	RMB17.27	[**REDACTED**]%
17. JPND	Subscription of Series C Preferred Shares	1,158,282 Series C Preferred Shares	January 4, 2024	USD2,816,318.89	January 19, 2024	RMB17.27	[**REDACTED**]%
18. Astrend	Subscription of Series C Preferred Shares	6,168,892 Series C Preferred Shares	January 4, 2024	USD15,000,000	January 18, 2024	RMB17.27	[**REDACTED**]%
19. Trend	Subscription of Series C Preferred Shares	1,737,422 Series C Preferred Shares	March 19, 2024	RMB30,000,000	March 25, 2024	RMB17.27	[**REDACTED**]%

Notes:

(1) Refers to the last date of settlement for the relevant rounds of Pre-[**REDACTED**] Investments.

(2) The cost per unit of registered capital paid is calculated by dividing the total investment amount by the unit of registered capital of Chongqing Woodpecker subscribed.

(3) The discount to the [**REDACTED**] is calculated based on the assumption that (i) the [**REDACTED**] is HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]; (ii) the cost per Share paid is calculated based on the share subscription/acquisition price paid by the relevant Pre-[**REDACTED**] Investors, and the number of Shares they receive pursuant to the Reorganization and [**REDACTED**]; and (iii) the exchange rate as set out in "Information about this Document and the [**REDACTED**]".

(4) Beijing Yiming is the onshore affiliate of Yiming Investment. See "— Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Yiming Investment and Huai'an Yiming" for details.

(5) Cloud-Enterprise Internet, a company ultimately controlled by Mr. Yao Jinbo, is an onshore affiliate of Dream Landing Holdings Limited, our Pre-[**REDACTED**] Investor. See "— Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Dream Landing Holdings Limited" for details.

(6) Tianjin Wuba Qianmo, our Pre-[**REDACTED**] Investor, is directly held as to 99.98% by Hunan Wuba Qianmo. See "— Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Tianjin Wuba Qianmo" for details.

(7) 58 Co., Ltd., a company ultimately controlled by Mr. Yao Jinbo, is an onshore affiliate of Dream Landing Holdings Limited, our Pre-[**REDACTED**] Investor. See "— Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Dream Landing Holdings Limited" for details.

Other Principal Terms of the Pre-[REDACTED] Investments

Use of Proceeds from the Pre-[**REDACTED**] Investments	We utilized the proceeds from the Pre-[**REDACTED**] Investments for development of our business and general operation. As of the Latest Practicable Date, approximately 66.16% of the net proceeds from the Pre-[**REDACTED**] Investments has been utilized.
Strategic benefits brought by the Pre-[**REDACTED**] Investors	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital to be provided by the Pre-[**REDACTED**] Investors and some Pre-[**REDACTED**] Investors' knowledge and experience. The Pre-[**REDACTED**] Investments also demonstrated the Pre-[**REDACTED**] Investors' confidence in the operation and development of our Group.
Basis of Consideration.	The consideration for the Pre-[**REDACTED**] Investments were determined based on arm's length negotiations between our Company or the existing Shareholders (as the case may be) with reference to business scale and financial performance of the Group at the relevant times. Other factors were also taken into account in the determination of the consideration including but not limited to (i) the investment risk assumed by the relevant Pre-[**REDACTED**] Investors under the capital market conditions at the time of the relevant investments and (ii) the strategic benefits which would be brought by the Pre-[**REDACTED**] Investors to our Group (where applicable).

Special Rights and Lock-up of Pre-[REDACTED] Investors

The Pre-[**REDACTED**] Investors were granted certain customary special rights in the Pre-[**REDACTED**] Investments, including but not limited to, information and inspection rights, pre-emptive rights, right of first refusal and right of co-sale and redemption rights.

All special rights granted to the Pre-[**REDACTED**] Investors will be terminated on the consummation of the [**REDACTED**], except for the redemption right, which shall be terminated immediately prior to the first filing of the [**REDACTED**] application with the Stock Exchange, and such redemption rights will be automatically resumed upon the earliest of (i) the withdrawal or abandonment of the [**REDACTED**] application by the Company; (ii) the rejection of the [**REDACTED**] application by the Stock Exchange; (iii) the expiry of 18 months from the day of the first filing of the [**REDACTED**] application by the Company with the Stock Exchange; or (iv) January 21, 2026 if the [**REDACTED**] has not been consummated by then.

Pursuant to the agreements in relation to pre-[**REDACTED**] investments, each pre-[**REDACTED**] investor agrees that, upon request by the Company or the [**REDACTED**] managing the [**REDACTED**], it will not sell or otherwise transfer or dispose of any securities of the Company without the prior written consent of the Company or such [**REDACTED**], as the case may be, for a period of time specified by the representative of the [**REDACTED**] not to exceed 180 days from the date of this document or the [**REDACTED**] of the [**REDACTED**] as may be requested by the [**REDACTED**].

Information about the Founding Shareholders and the Pre-[REDACTED] Investors

For biographies on Mr. Wang and Mr. Zhu, see "Directors and Senior Management."

China Dotman

China Dotman is a limited company incorporated in the PRC, with its shares quoted on the National Equities Exchange and Quotations System (430093.NQ). The company is ultimately controlled by Mr. Xiao Qingping, our non-executive Director. For biographies on Mr. Xiao, see "Directors and Senior Management." China Dotman is principally engaged in the development, transfer and consulting of the systems for communication network, computer network, office automation and automation control.

Yiming Investment and Huai'an Yiming

Yiming Investment is an investment holding company incorporated in the British Virgin Islands, which is ultimately controlled by Ms. Chen Jiayu (陳佳昱), an Independent Third Party. Yiming Investment is primarily engaging in equity investment and venture capital investment.

Huai'an Yiming is a limited partnership incorporated in the PRC, the general partner of which is Beijing Yiming, the general partner of which is Xinyi Mingsheng Investment Management Center (Limited Partnership) (新沂銘盛投資管理中心(有限合夥)), whose general partner is Mr. Chen Xuejun (陳學軍), an Independent Third Party. Huai'an Yiming is primarily engaging in equity investment and venture capital investment. As of the Latest Practicable Date, to the best knowledge of the Company, Ms. Chen Jiayu is the largest limited partner of Huai'an Yiming, holding 20% partnership interests in Huai'an Yiming.

Dream Landing Holdings Limited

Dream Landing Holdings Limited, an investment holding company incorporated in Hong Kong, is wholly owned by 58.com Inc. 58.com Inc. is a limited liability company incorporated in the Cayman Islands, whose ADSs were listed on the NYSE between October 2013 and September 2020 under the symbol "WUBA." 58.com Inc. is an online classifieds platform connecting its consumers with local businesses through a number of platforms, including multi-content category online classifieds platform and online recruitment platform. The business segments of 58.com Inc. include real estate information and transaction business, human resources business (offering recruitment services), life services business (offering domestic home services and used goods) and automotive business (offering secondary vehicle trading and new vehicle advertising). As of the Latest Practicable Date, 58.com Inc. was directly wholly-owned by Quantum Bloom Group Ltd., a company incorporated in the Cayman Islands, which is ultimately controlled by Mr. Yao Jinbo, one of our substantial shareholders.

Tianjin Wuba Qianmo

Tianjin Wuba Qianmo is a limited partnership incorporated in the PRC and the general partner of Tianjin Wuba Qianmo is Tianjin Magic Technology Co., Ltd. (天津神奇匯科技有限公司) ("Tianjin Magic Technology"). Tianjin Wuba Qianmo is held by Hunan Wuba Qianmo as to 99.98% and Tianjin Magic Technology as to 0.02%. Hunan Wuba Qianmo was held by Beijing 58 Information Technology Co., Ltd. (北京五八信息技術有限公司), a limited liability company incorporated in the PRC which is controlled through contractual arrangements by 58.com Inc., as to 54%. The general partner of Hunan Wuba Qianmo is Hunan Shenqi Yongcheng Enterprise Management Partnership (Limited Partnership) (湖南神騏永誠企業管理合夥企業(有限合夥)), which is held by Tianjin Magic Technology as to 99.7%. Tianjin Magic Technology is owned by Yang Ning, an Independent Third Party as to 99.9%.

Suzhou Shunwei

Suzhou Shunwei is a limited partnership incorporated in the PRC and the general partner of Suzhou Shunwei is Lhasa Economic and Technological Development Zone Shunwei Capital Venture Capital Partnership (Limited Partnership) (拉薩經濟技術開發區順為資本創業投資合夥企業(有限合夥)) ("Lhasa Shunwei"). The general partner of Lhasa Shunwei is Lhasa Economic and Technological Development Zone Shunwei Capital Investment Consulting Co., Ltd. (拉薩經濟技術開發區順為資本投資諮詢有限公司), which is ultimately controlled by Mr. Lei Jun, an Independent Third Party. The partnership interest of Suzhou Shunwei is held as to approximately (i) 10.50% by its general partner, Lhasa Shunwei, (ii) 36.50% by Lhasa Economic and Technological Development Zone Shunwei Technology Venture Capital Partnership (Limited Partnership) (拉薩經濟技術開發區順為科技創業投資合夥企業(有限合夥)) and (iii) 53% by the other 11 limited partners collectively, each an Independent Third Party holding no more than 20% partnership interests in Suzhou Shunwei. Suzhou Shunwei is primarily engaged in venture capital investment.

Tianjin Jinmi

Tianjin Jinmi is a limited partnership incorporated in the PRC and the general partner of Tianjin Jinmi is Tianjin Jinxing Investment Co., Ltd. (天津金星創業投資公司) ("Jinxing Investment"). The partnership interest of Tianjin Jinmi is held as to approximately 86.20% and 13.80% by Jinxing Investment and Tianjin Zhongmi Enterprise Management Partnership (Limited Partnership) (天津眾米企業管理合夥企業(有限合夥)), each an Independent Third Party. Jinxing Investment is a limited liability company incorporated in the PRC wholly owned by Xiaomi Inc. (小米科技有限責任公司), which is in turn ultimately controlled by Mr. Lei Jun, an Independent Third Party. Tianjin Jinmi is primarily engaged in investing in industries such as electronics, technology, internet and consumer using its own funds.

Liangjiang Investment

Liangjiang Investment is a limited partnership incorporated in the PRC and the general partner of Liangjiang Investment is Chongqing Chengyun Enterprise Management Co., Ltd. (重慶承運企業管理有限公司) ("**Chongqing Chengyun**"). Chongqing Chengyun is ultimately controlled by Chongqing Liangjiang New Area Management Committee (重慶兩江新區管理委員會). The partnership interest of Liangjiang Investment is held as to approximately 99.80% and 0.20% by Chongqing High-Tech Chuangye Investment Co., Ltd. (重慶高新創業投資有限公司) and Chongqing Chengyun, respectively, each an Independent Third Party. Liangjiang Investment is primarily engaged in equity investment activities.

Caixin Investment

Caixin Investment is a limited partnership incorporated in the PRC and the general partner of Caixin Investment is Hunan Caixin Fund Management Co., Ltd. (湖南省財信產業基金管理有限公司) ("Hunan Caixin Fund"). Hunan Caixin Fund Management is ultimately controlled by Hunan Provincial People's Government (湖南省人民政府). The partnership interest of Caixin Investment is held as to approximately (i) 71.39% by Hunan Caixin Leading Investment Management Co., Ltd. (湖南省財信引領投資管理有限公司), an Independent Third Party, and (ii) 28.61% by Hunan Caixin Fund and the other five limited partners, each an Independent Third Party holding no more than 20% partnership interests in Caixin Investment. Caixin Investment is primarily engaged in non-public market equity investment activities and providing related consulting services.

Fajin Situo

Fajin Situo is a limited partnership incorporated in the PRC and the general partner of Fajin Situo is Chongqing Yuxuan Business Management Co., Ltd. (重慶瑜瑄商業管理有限責任公司) ("Chongqing Yuxuan LLP"). Chongqing Yuxuan LLP is ultimately controlled by Mr. Chen Hang, an Independent Third Party. The partnership interest of Fajin Situo is held as to approximately 59.90%, 20%, 20% and 0.10% by Mr. Chen Hang, Mr. Ren Qing, Mr. Gan Cong and Chongqing Yuxuan LLP, respectively, each an Independent Third Party. Fajin Situo is primarily engaged in enterprise management consulting and information technology consulting services.

Tianjin Shenhao

Tianjin Shenhao is a limited partnership incorporated in the PRC and the general partner of Tianjin Shenhao is Chongqing Hongshen Enterprise Management Co., Ltd. (重慶虹申企業管理有限責任公司) ("Chongqing Hongshen LLP"). Chongqing Hongshen LLP is ultimately controlled by Mr. Shen Yuan, an Independent Third Party. The partnership interest of Tianjin Shenhao is held as to approximately 99.00% and 1.00% by Chongqing Shenhao Enterprise Management Partnership (Limited Partnership) (重慶申好企業管理合夥企業(有限合夥)) and Chongqing Hongshen LLP, each an Independent Third Party. Tianjin Shenhao is primarily engaged in enterprise management consulting services.

Detaoda Home

Detaoda Home is a limited partnership incorporated in the PRC and the general partner of Detaoda Home is Xiamen Detao Jinrui Private Fund Management Co., Ltd. (廈門德韜金瑞私募基金管理有限公司) ("Xiamen Detao Jinrui"). Xiamen Detao Jinrui is ultimately controlled by Xiamen Jianpan Group Co., Ltd (廈門市建潘集團有限公司) ("Xiamen Jianpan"), which is ultimately controlled by Mr. Wen Jianhuai, an Independent Third Party. The partnership interest of Detaoda Home is held as to (i) 50% by Xiamen Jianpan, and (ii) 50% by Xiamen Detao Jinrui and the other two limited partners collectively, each an Independent Third Party holding no more than 30% partnership interest in Detaoda Home. Detaoda Home is primarily engaged in equity investment, investment management, and asset management activities through private equity funds.

Detao Huitai

Detao Huitai is a limited partnership incorporated in the PRC and the general partner of Detao Huitai is Xiamen Detao Jinrui. Xiamen Detao Jinrui is ultimately controlled by Xiamen Jianpan, which is ultimately controlled by Mr. Wen Jianhuai, an Independent Third Party. The partnership interest of Detao Huitai is held as to (i) 64.00% by Xiamen Jianpan, and (ii) 36% by Xiamen Detao Jinrui and the other two limited partners collectively, each an Independent Third Party holding no more than 30% partnership interest in Detao Huitai. Detao Huitai is primarily engaged in engaging in equity investment, investment management, and asset management activities through private equity funds.

Wuxi Junfeng

Wuxi Junfeng is a limited partnership incorporated in the PRC and the general partner of Wuxi Junfeng is Mr. Xu Changjun, an Independent Third Party. The partnership interest of Wuxi Junfeng is owned as to 50% and 50% by Mr. Xu Changjun and Mr. Qin Feng, each an Independent Third Party. Wuxi Junfeng is primarily engaged in non-securities equity investment activities and related consulting services.

Shenzhen Chen'an

Shenzhen Chen'an is a limited company incorporated in the PRC which is ultimately controlled by Ms. Tian Danqi, an Independent Third Party. Shenzhen Chen'an's principal business includes sale of metals, chemical synthetic materials, plastic products and organic raw materials, manufacturing of synthetic materials.

JPND

JPND is a private company incorporated in the Singapore, which is directly wholly owned by GoldenHome Living Co., Ltd (金牌廚柜家居科技股份有限公司) ("GoldenHome"), a PRC incorporated company listed on the Shanghai Stock Exchange (stock code: 603180), primarily engaged in provision of integrated services including R&D, design, production, sales, installation and after-sales of furniture and cabinets.

Astrend

Astrend is a business company incorporated in the British Virgin Islands, which is wholly owned by Shunwei China Internet Fund V, L.P., the general partner of which is Shunwei Capital Partners V GP, L.P.. The general partner of Shunwei Capital Partners V GP, L.P. is Shunwei Capital Partners V GP Limited, which is controlled by Mr. Koh Tuck Lye, an Independent Third Party. Mr. Koh Tuck Lye co-founded Shunwei Capital in 2011, a technology focused venture capital fund with over US$6 billion under management, and has served as its chief executive officer since then.

Trend

Trend Xpand Limited, an Independent Third Party, is a private company limited by shares established under the laws of Hong Kong on January 8, 2019. Trend Xpand Limited is primarily focused on investments in consumer, high-tech and internet sectors.

Public Float

Upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Shares held by the following Shareholders, will not be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules:

- WANGW Holding Limited, one of our Controlling Shareholders and a company wholly owned by Mr. Wang, holding approximately [**REDACTED**]% of the total issued share capital of the Company;

- WANGYH Holding Limited, one of our Controlling Shareholders and a company wholly owned by Ms. Wang, holding approximately [**REDACTED**]% of the total issued share capital of the Company;

- ZHUHK Holding Limited, a company wholly owned by Mr. Zhu, our executive Director, holding approximately [**REDACTED**]% of the total issued share capital of the Company;

- China Dotman, a company controlled by Mr. Xiao Qingping, our non-executive Director holding approximately [**REDACTED**]% of the total issued share capital of the Company;

- Dream Landing Holdings Limited and Tianjin Wuba Qianmo, each a Pre-[**REDACTED**] Investor and an affiliate of 58.com Inc., holding approximately [**REDACTED**]% of the total issued share capital of the Company in aggregate;

- Tianjin Incentive Platforms, namely Tianjin Yuzhuoxing, Tianjin Zhuojinke, Tianjin Zhuojinniao, Tianjin Zhuojintoo, Tianjin Zhuojinren, Tianjin Zhuojintu, and Tianjin Zhuojinxiang, each a limited liability partnership controlled by Mr. Wang, holding approximately [**REDACTED**]% of the total issued share capital of the Company in aggregate.

Except as stated above, the Shares held by the other Shareholders of the Company will constitute part of the public float. Accordingly, taking into account the Shares to be issued pursuant to the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), approximately [**REDACTED**]% of the total issued Shares will be counted towards public float of the Company upon [**REDACTED**].

Compliance with Pre-[REDACTED] Investment Guidance

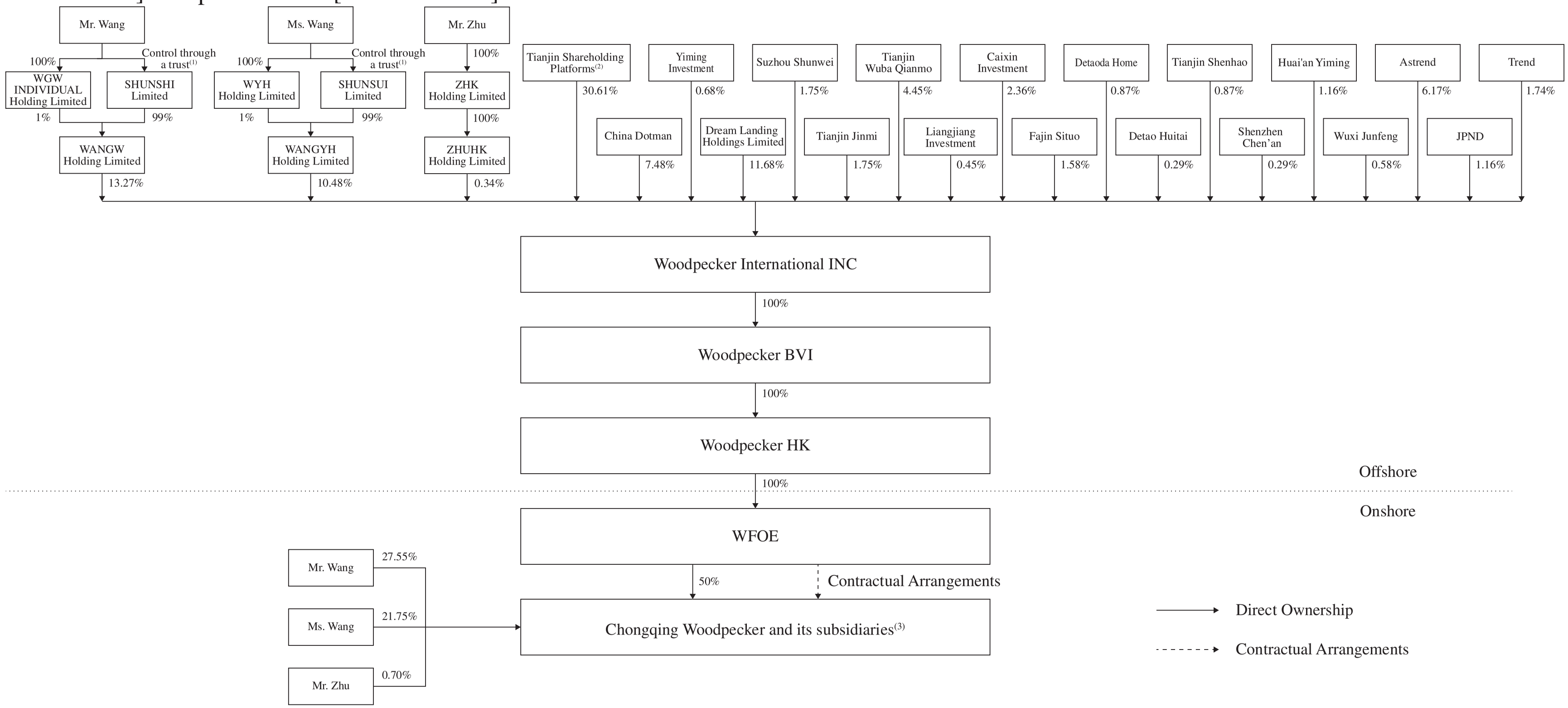
On the basis that (i) the [**REDACTED**], being the first day of [**REDACTED**] of the Shares on the Stock Exchange, will take place no earlier than 120 clear days after completion of the Pre-[**REDACTED**] Investments, and (ii) all special rights granted to the Pre-[**REDACTED**] Investors will be terminated in such way as disclosed in "— Special Rights and Lock-up of Pre-[**REDACTED**] Investors" in this section, the Joint Sponsors have confirmed that the Pre-[**REDACTED**] Investments as disclosed herein are in compliance with Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange in December 2023.

ACTING IN CONCERT ARRANGEMENTS

To streamline and optimize the shareholding structure and to ensure the stable ownership and business development of our Group, Mr. Wang and his sister, Ms. Wang entered into the acting-in-concert agreement on November 19, 2020 ("Onshore AIC Agreement"), pursuant to which, Mr. Wang and Ms. Wang agree to act in concert for so long as they remain interested in Chongqing Woodpecker, consult each other and reach a consensus before voting at the board meetings and shareholders' meetings of Chongqing Woodpecker, and in the event that they could not reach a consensus, Ms. Wang shall act at the direction of Mr. Wang. Following completion of the Reorganization, to reflect the arrangement under the Onshore AIC Agreement, WANGW Holding Limited, SHUNSHI Limited, WGW Individual Holding Limited, WANGYH Holding Limited, SHUNSUI Limited and WYH Holding Limited entered into the amended and restated offshore acting-in-concert agreement on January 4, 2024 (the "Offshore AIC Agreement"), pursuant to which Mr. Wang and Ms. Wang acknowledged that they have acted in concert in Chongqing Woodpecker's level prior to the Reorganization pursuant to the Onshore AIC Agreement, and agreed to act in concert for so long as they remain interested, directly or indirectly, in the Shares of our Company, consult each other and reach a consensus before voting at the board meetings and Shareholders' meetings of our Company. If parties to the Offshore AIC Agreement could not reach a consensus on a relevant issue, other parties shall act at the direction of Mr. Wang.

OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart sets forth our Group's corporate and shareholding structure immediately after completion of the Reorganization and the [**REDACTED**] but prior to the [**REDACTED**].



Notes:

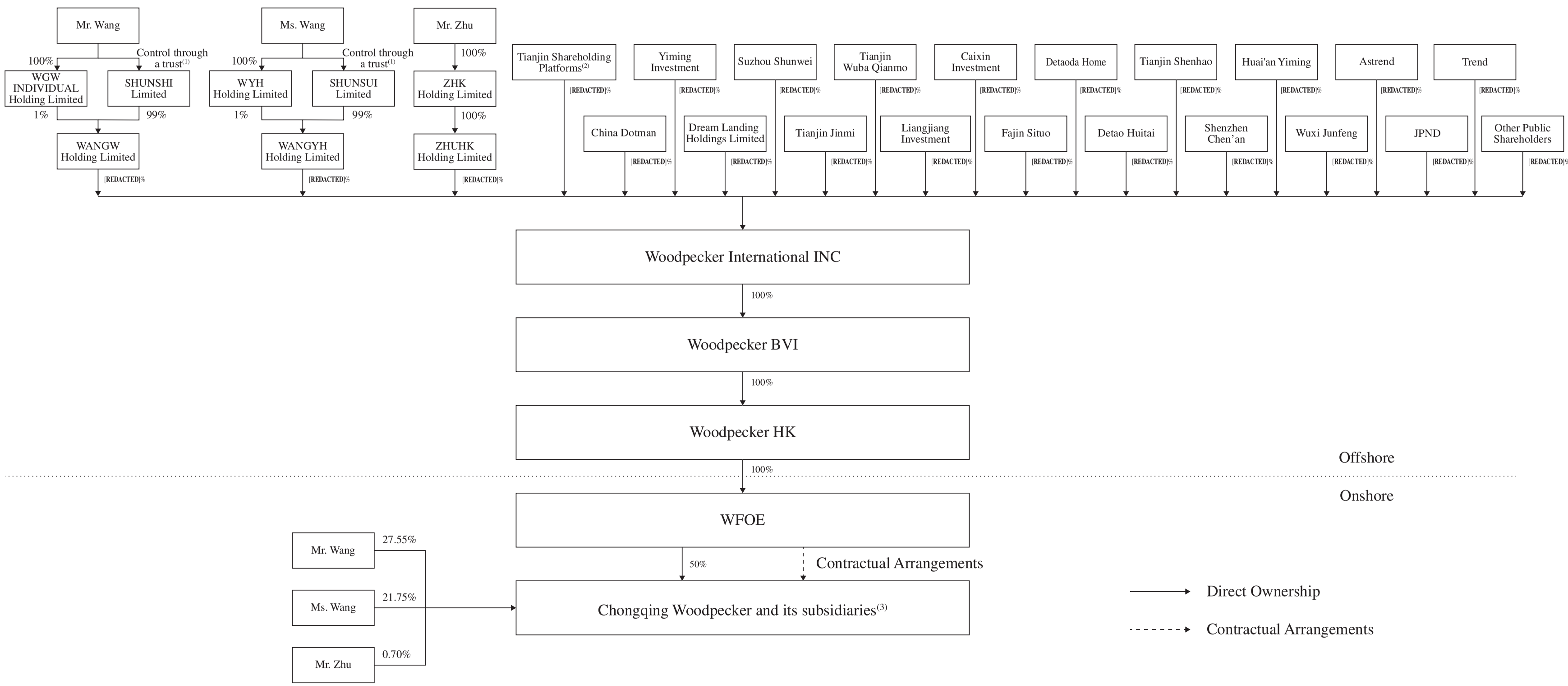
(1) Mr. Wang controls SHUNSHI through The FUZE Trust. Ms. Wang controls SHUNSUI Limited through The ENZE Trust. The FUZE Trust is a discretionary trust set up by Mr. Wang as the settlor in December 2023. The ENZE Trust is a discretionary trust set up by Ms. Wang as the settlor in December 2023. The trustee of The FUZE Trust and The ENZE Trust is Tricor Equity Trustee Limited.

(2) The seven incentive platforms established to incentivize employees and key stakeholders of our Group, namely Tianjin Yuzhuoxing, Tianjin Zhuojinke, Tianjin Zhuojinniao, Tianjin Zhuojintoo, Tianjin Zhuojinren, Tianjin Zhuojintu, and Tianjin Zhuojinxiang.

(3) As of the Latest Practicable Date, Chongqing Woodpecker had 100 PRC subsidiaries and 693 branches. We have established these subsidiaries and branches across different geographical areas in the PRC in order to recruit and train frontline technicians at regional level, enhance service quality and user experience, strengthen our local market presence, and optimize operation and management efficiency of the Group.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following chart sets forth our Group's corporate and shareholding structure immediately after completion of the [**REDACTED**] and the [**REDACTED**], assuming the [**REDACTED**] is not exercised.



Notes (1) to (3): Please refer to the diagram contained under the sub-section headed "Our Structure Immediately Prior to the [**REDACTED**]" in this section.

INCENTIVE PLATFORMS

For the purpose of granting share-based compensation awards to employees, directors and other stakeholders to secure and retain the services of eligible award recipients and to provide incentives for such persons to exert maximum efforts for our success, the Group set up several Chongqing Incentive Platforms during its course of development. To complete ODI procedure and reflect the interests of the relevant onshore incentive platforms at the Company's level, seven Tianjin Incentive Platforms were established in November 2023 to directly hold Shares in the Company. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Zhuojinke and Chongqing Zhuojinke

Tianjin Zhuojinke is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojinke, and 0.01% by its sole general partner Chongqing Niuniao, which is owned by Mr. Wang and Ms. Wang as to 50% and 50%, respectively.

Chongqing Zhuojinke, one of our Chongqing Incentive Platforms, is a limited partnership established under the laws of the PRC on May 31, 2016, and was held as to 16.40% by its sole general partner, Mr. Wang. The remaining 83.60% partnership interests were held by 37 limited partners, with i) two Directors and members of senior management, namely Mr. Li Qilong and Ms. Zhang Wenjuan, holding approximately 6.47% and 1.60% of the partnership interests, respectively; and ii) Ms. Wang and Ms. Zhang Biqun holding approximately 26.94% and 16.57% of the partnership interests, respectively. Ms. Wang is the sister of Mr. Wang and Ms. Zhang Biqun is the spouse of Mr. Wang. Both of them had contributed to the early-stage development of our Group by assisting Mr. Wang to manage and operate the sole proprietorship in Chongqing, which was initially established as a family-run business to provide traditional offline home appliance repair and maintenance services. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Zhuojinren and Chongqing Zhuojinren

Tianjin Zhuojinren is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojinren, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojinren, one of our Chongqing Incentive Platforms, is a limited partnership established under the laws of the PRC on March 15, 2016, and is held as to 5.46% by its sole general partner, Mr. Wang. The remaining 94.54% partnership interests were held by 37 limited partners, with i) one Director and member of senior management, namely Mr. Zhu Hongkun, who holding approximately 12.46% of the partnership interests; and ii) Ms. Wang, Mr. Li Shangze, Mr. Zhu and Mr. Yu Wei holding approximately 21.45%, 13.00%, 12.46% and 12.46% of the partnership interests, respectively. Mr. Li Shangze is an employee of the Company and the spouse of Ms. Wang, while Mr. Yu Wei is an employee of our Company. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Zhuojinniao and Chongqing Zhuojinniao

Tianjin Zhuojinniao is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojinniao, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojinniao, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on September 12, 2017, and is held as to 4.47% by its sole general partner, Mr. Wang. The remaining 95.53% partnership interests were held by 41 limited partners, with Mr. He Guanghua, a member of senior management, and Mr. Sun Ming holding approximately 23.50% and 15.67% of the partnership interests, respectively. Mr. Sun Ming is an employee of our Company. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Zhuojintoo and Chongqing Zhuojintoo

Tianjin Zhuojintoo is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojintoo, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojintoo, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on September 30, 2020, and is held as to 3.08% by its sole general partner, Mr. Wang. The remaining 96.92% partnership interests were held by 44 limited partners, with no individual limited partner holding more than 10% of the partnership interests. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Zhuojinxiang and Chongqing Zhuojingui

Tianjin Zhuojinxiang is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojingui, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojingui, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on July 17, 2023, and is held as to 6.61% by its sole general partner, Mr. Wang. The remaining 93.39% partnership interests were held by 35 limited partners, with no individual limited partner holding more than 10% of the partnership interests. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Zhuojintu and Chongqing Zhuojintu

Tianjin Zhuojintu is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojintu, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojintu, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on July 14, 2023, and is held as to 1.61% by its sole general partner, Mr. Wang. The remaining 98.39% partnership interests were held by 38 limited partners, with no individual limited partner holding more than 10% of the partnership interests. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Tianjin Yuzhuoxing and Chongqing Yuzhuoxing

Tianjin Yuzhuoxing is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Yuzhuoxing, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Yuzhuoxing, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on October 16, 2023, and is held as to 0.41% by its sole general partner, Mr. Wang. The remaining 99.59% partnership interests were held by 17 limited partners, with Ms. Li Angang, Mr. Zhang Shuming, Mr. Li Ke and Ms. Deng Xia holding approximately 27.84%, 19.46%, 11.10% and 11.00% of the partnership interests, respectively. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for further details.

Save as disclosed above, none of the limited partners of the Chongqing Incentive Platforms is a connected person of the Company.

PRC LEGAL COMPLIANCE

Corporate Structure and Reorganization

Our PRC Legal Advisor has confirmed that the Reorganization of our PRC subsidiaries and the Consolidated Affiliated Entities has been legally completed and the equity transfers of our PRC subsidiaries and the Consolidated Affiliated Entities as described in "— Reorganization" in this section above have been registered with competent governmental authority in accordance with the PRC laws and regulations.

CSRC Filing

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 "Trial Administrative Measures") and five supporting guidelines, which has come into effect on March 31, 2023. As advised by our PRC Legal Advisor, based on the Trial Administrative Measures and relevant notices, our Directors are of the view that we are required to submit the filings with CSRC in accordance with the Trial Administrative Measures and relevant notices. On [●], the CSRC issued a notification on our completion of the PRC filing procedures for the [**REDACTED**] of our Shares on the Stock Exchange and the [**REDACTED**]. As advised by our PRC Legal Advisor, no other approvals from the CSRC are required to be obtained for the [**REDACTED**] of our Shares on the Stock Exchange. For details, see "Regulatory Overview — Regulations on M&A and Overseas Listing in the PRC".

SAFE Registration

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Regulations on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment 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") on July 14, 2014. SAFE Circular 37 requires a PRC resident to register with local branches of SAFE in connection with his direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC resident's legally owned assets or equity interest in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle maybe restricted in its ability to contribute additional capital into its PRC subsidiaries. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange regulations.

On February 13, 2015, SAFE released the Notice on Further Simplifying the Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "SAFE Circular 13"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exists uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

Our PRC Legal Advisor have confirmed that Mr. Wang, Ms. Wang and Mr. Zhu, each being a PRC resident, have duly completed the relevant registrations as required under the regulations abovementioned.

M&A Rules

Pursuant to the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required. The M&A Rules, among others, also require that an offshore special purpose vehicle, or a SPV, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing of such SPV's securities on an overseas stock exchange, especially in the event that the SPV acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Given that Chongqing Woodpecker is a Sino-foreign venture enterprise at the time of the acquisition of its equity interest by WFOE, our PRC Legal Advisor is of the view that unless new laws and regulations are enacted or MOFCOM and CSRC publish new provisions or interpretations on the M&A Rules to the contrary in the future, the proposed [**REDACTED**] is not subject to approval from the MOFCOM and the CSRC under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented, and whether the relevant PRC government authorities, including CSRC, will reach the same conclusion as our PRC Legal Advisor.

PRC REGULATORY BACKGROUND

Overview

Foreign investment activities in the PRC are mainly governed by the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2021 Version) (the "Negative List") and the Catalog for the Guidance of Encouraged Foreign Investment Industries (Revised in 2022) (the "Encouraging Catalog"), which was promulgated and is amended from time to time jointly by the MOFCOM and the NDRC. The Negative List and the Encouraging Catalog divides industries into four categories in terms of foreign investment, namely, "encouraged", "restricted", "prohibited" and "permitted" (the last category of which includes all industries not listed under the "encouraged", "restricted" and "prohibited" categories). As advised by our PRC Legal Advisor, a summary of our business/operation that is subject to foreign investment restriction or prohibition in accordance with the Negative List, the Encouraging Catalog and other applicable PRC laws is set out below (the "Relevant Businesses"):

Categories	Our business/operation
"**Restricted**"	
Value-added telecommunication services business . .	According to the Negative List, provision of value-added telecommunication services, which include commercial internet information services pursuant to the PRC Telecommunications Regulations (《中華人民共和國電信條例》) ("Telecommunications Regulations"), is a "restricted" business and the shareholding percentage of a foreign investor in companies engaged in such services (excluding electronic commerce, domestic multi-party communication, storage-forwarding and call center) shall not exceed 50%. Foreign investment in a company providing value-added telecommunication services, including internet information provision services, is subject to the Regulations for the Administration of Foreign invested Telecommunications Enterprises (《外商投資電信企業管理規定》), or the FITE Regulations, which were promulgated by the State Council on December 11, 2001, and subsequently amended on September 10, 2008, February 6, 2016 and recently on March 29, 2022 by the Decision on Amending and Abolishing Some Administrative Regulations (《關於修改和廢止部分行政法規的決定》) issued by the State Council (the "Order No. 752"). Following the issue of Order No. 752, the qualification requirements (the "Qualification Requirements") previously set out in the FITE Regulations which the main foreign investor must satisfy for investing in a PRC value-added telecommunication business was removed with effect from May 1, 2022.

Categories	Our business/operation
	As confirmed by our PRC Legal Advisor: • The provision of repair and home maintenance platform service through our mobile apps, online chatbot, phone calls, and websites (the "Online Channels") involves the provision of value-added telecommunication service in the PRC. • Our third-party platform services, including without limitations, order information collection, compiling and distribution, and transaction opportunities matching through Online Channels fall under the scope of information service in the PRC and requires a value-added telecommunication business operating license ("ICP License") for provision of internet information services and a value-added telecommunication business operating license ("SP License") for provision of information service excluding internet information services. Both of the two licenses are subject to foreign investment restrictions (i.e. foreign ownership is permitted to up to 50%) as discussed above. The functions of our Online Channel also involve value-added telecommunication services for electronic data interchange and call center services, which are not subject to any foreign investment restrictions under the applicable PRC laws and regulation However, as the relevant functions are inherently embedded into our Online Channels requiring the ICP License, separation of such functions from the Online Channels are therefore impracticable and it is highly burdensome to request our customers to enter into agreements with our different legal entities for essentially the same set of services.

Fully Integrated Business of our Company

We operate the *Woodpecker* (啄木鳥) platform which serves as a convenient one-stop solution for a diverse array of home maintenance and repair needs. Our business is centered around this platform, through which we offer the platform services, being our core offerings, as well as the (i) sales of spare parts and materials to our partner technicians through our *Woodpecker* Technician App that are used during maintenance and repair service orders facilitated by our platform services, as well as new appliances to consumers that will be installed to replace old ones in the process of fulfilling maintenance and repair service orders facilitated by our platform services, (ii) partnerships with property management service providers, and (iii) maintenance and repair services for photovoltaic equipment (collectively, the "**Ancillary Services**").

The Ancillary Services are fully integrated with our platform services and cannot be separated from our *Woodpecker* platform. The Company is of the view that the Contractual Arrangements are narrowly tailored for the following reasons:

(i) The Group's entire business model is centered around the *Woodpecker* platform since the inception of the digitalization of the Group's business. In particular, the platform services drive the online traffic and transacting consumers of all the Ancillary Services.

a. The service orders placed through the platform generate the business opportunities for the sales of spare parts and materials to technicians and new appliances to consumers. The Company does not sell spare parts and materials to partner technicians or appliances to consumers in transactions which are unrelated to service orders facilitated by its platform. The use of spare parts and materials and the replacement of old appliances are an integral part of home maintenance and repair services performed by technicians on the Group's platform. Through the Group's centralized purchasing, technicians and consumers could purchase parts and appliances of high quality with competitive price. The Company consider the sale of such parts, materials and appliances being supplementary to the Group's services, which improves service quality and efficiency as well as deepens consumer trust with our platform;

b. The Group also acquired consumers through partnerships with property management service providers. Such companies or residents in areas managed by companies place maintenance and repair orders on the *Woodpecker* platform directly. These orders are dispatched to partner technicians through the platform's smart order dispatch system. As for photovoltaic repairs, regular maintenance works after installation are also carried out by technicians who are dispatched orders through our platform.

(ii) The Ancillary Services are fully integrated with the platform and rely on the transacting consumers and data accumulated from the platform. The Ancillary Services are considered as supplementary to the platform services. If the Ancillary Services and our core offerings are provided by different companies across different platforms, rather than offering on one platform integrating various types of services, this could impair the convenience and efficiency of the platform and undermine the "one-stop" experience that is a core feature of our platform; and

(iii) From a technical perspective, the *Woodpecker* Technician App integrates the services provided by technicians and the sales of parts/materials. This App serves as a standardized tool for the delivery of services, assists technicians to resolve the issues during the provision of services, and also embeds the function of spare parts purchase. Technicians place orders for these items through the *Woodpecker* Technician App and collect them from our warehouses or technician centers nearby. Further, upon arrival at consumers' residence, our technicians conduct on-site inspection and provide a service fee quote through the App, which is inclusive of the fee accounting for the spare parts and components to be used in the service. The service fee received by the technician for the service order will also account for the spare parts and components used in their service. As such, the whole process is managed through the same system, which significantly improves the technicians' efficiency, and reduces the Group's operating costs. In addition, the integration of technical support extends to the entire platform, including the core offerings and all Ancillary Services. Therefore, it is technologically impossible to separate the platform services and Ancillary Services into separate entities without fundamentally changing the platform.

For further details of the limitations on foreign ownership in PRC companies conducting the aforementioned business under PRC laws and regulations, please see the section headed "Regulatory Overview — Regulations on Value-added Telecommunications Services and Foreign Investment Restrictions".

OUR CONTRACTUAL ARRANGEMENTS

Overview

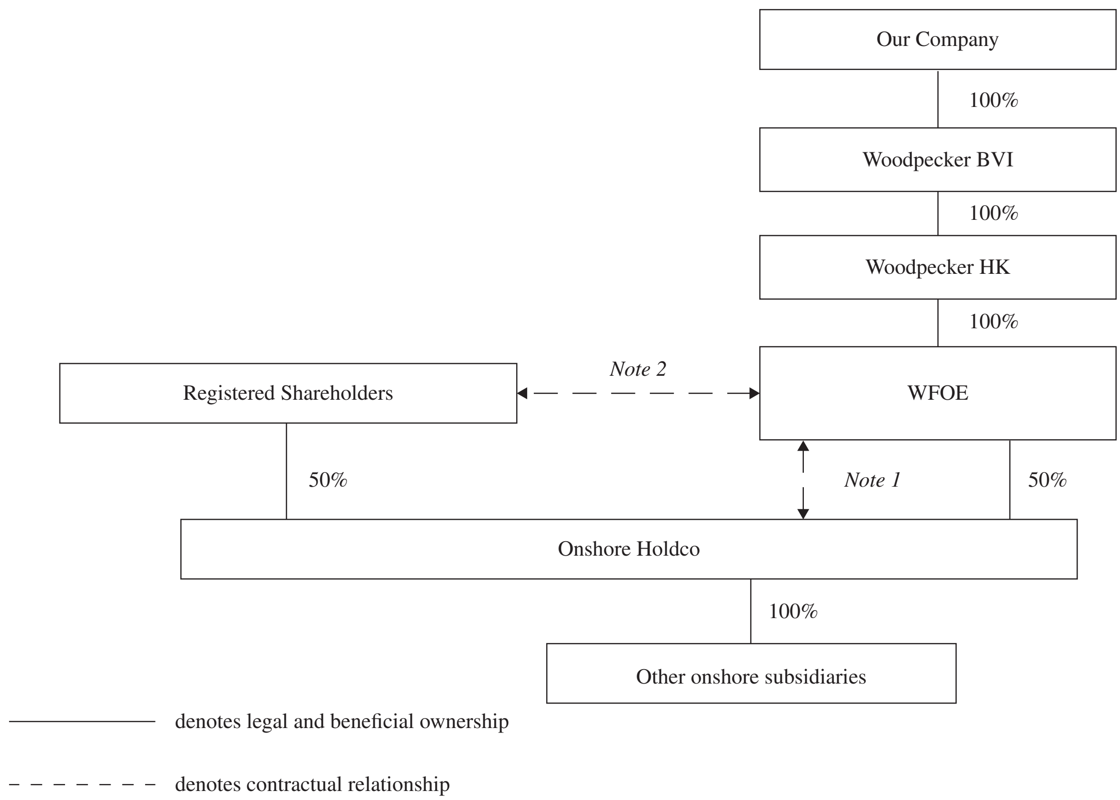
Our Consolidated Affiliated Entities are currently the Onshore Holdco and its subsidiaries, which were established under the PRC laws. The Onshore Holdco is held by Mr. Wang, Ms. Wang and Mr. Zhu as to 50% and our WFOE as to 50%.

In light of the foreign investment restriction, in order to comply with PRC laws and regulations and maintain effective control over all of our operations as well as to obtain the maximum economic benefits of the Consolidated Affiliated Entities, a series of contractual arrangements have been entered into by, among others, the Onshore Holdco, the WFOE and the Registered Shareholders on January 5, 2024, the details of which are further described in "— Summary of the agreements under the Contractual Arrangements and other key terms thereunder". Through shareholdings and the Contractual Arrangements, we have maintained effective control over the financial and operational policies of the Consolidated Affiliated Entities and have become entitled to all the economic benefits from their operations.

During the Track Record Period, the revenue contribution of all the Consolidated Affiliated Entities to our Group, amounted to approximately RMB401.4 million, RMB594.6 million, RMB1,011.0 million and RMB622.8 million, representing 100.0%, 100.0%, 100.0% and 100.0% for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024 of the total revenue of our Group, respectively.

On the basis of the foregoing, we are of the view that the Contractual Arrangements are narrowly tailored to achieve our business purpose and minimize the potential for conflict with relevant PRC laws and regulations to the maximum extent. Our Directors further believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into between the WFOE and our Consolidated Affiliated Entities; (ii) by entering into the Exclusive Business Cooperation Agreement with the WFOE, which is our subsidiary incorporated in PRC, our Consolidated Affiliated Entities will enjoy better economic and technical support from us, as well as a better market reputation after the [**REDACTED**], and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group under the Contractual Arrangements:



Notes:

(1) The WFOE provides business support, technical and consulting services in exchange for service fees from the Onshore Holdco. Please refer to "— Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Exclusive Business Cooperation Agreement".

(2) The Registered Shareholders executed the exclusive option agreement in favor of the WFOE, for the acquisition of all or part of the equity interests in the Onshore Holdco held by the Registered Shareholders and all or part of the assets in the Onshore Holdco. See section headed "— Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Exclusive Option Agreement".

The Registered Shareholders executed shareholders' rights entrustment agreement and the powers of attorney in favor of the WFOE, for the exercise of all shareholders' rights in the Onshore Holdco. See section headed "— Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Shareholders' Rights Entrustment Agreement and Powers of Attorney".

The Registered Shareholders granted security interests in favor of the WFOE, over the entire equity interests in the Onshore Holdco. See section headed "— Our Contractual Arrangements — Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder — Share Pledge Agreement".

Circumstances under which we will unwind the Contractual Arrangements

Our Group will unwind and terminate the Contractual Arrangements as soon as practicable in respect of the operation of our Online Channels to the extent permissible and we will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if the relevant government authority grants ICP License and SP License for online repair services and home maintenance, as applicable, to sino-foreign equity joint ventures or wholly-owned foreign investment entities under relevant PRC laws and regulations.

Summary of the Agreements under the Contractual Arrangements and Other Key Terms thereunder

A description of each of the specific agreements that comprise the Contractual Arrangements is set out below.

Exclusive Business Cooperation Agreement

The Onshore Holdco entered into an exclusive business cooperation agreement with the WFOE on January 5, 2024 (the "Exclusive Business Cooperation Agreement"), pursuant to which the Onshore Holdco agrees to engage WFOE as its exclusive provider of business support, technical and consulting services, including technical services, network support, business consultation, intellectual property licensing, equipment leasing, market consultancy, system integration, product research and development and system maintenance, in exchange for service fees. Under these arrangements, the service fees, subject to the WFOE's adjustment, are equal to all of the net profit of Consolidated Affiliated Entities. The WFOE may adjust the service fees at its sole discretion, after consideration of certain factors, including but not limited to the deduction of necessary costs, expenses, taxes and other statutory contribution in relation to the respective fiscal year, and may also include accumulated losses of Consolidated Affiliated Entities from previous financial periods, which will be wired to the designated account of the WFOE upon issuance of payment notification by the WFOE. The WFOE enjoys all the economic benefits derived from the businesses of Consolidated Affiliated Entities and bears the relevant portion of the business risks of the Onshore Holdco. If the Onshore Holdco runs into financial deficit or suffers severe operation difficulties, the WFOE will provide financial support to the Onshore Holdco.

Intellectual property rights are developed during the normal course of business of the Onshore Holdco and its subsidiaries. Pursuant to the Exclusive Business Cooperation Agreement, the WFOE will have the exclusive and proprietary rights to all intellectual properties developed by the Onshore Holdco and its subsidiaries, given that the WFOE provides consultation services to the Onshore Holdco and its subsidiaries during the term of the Exclusive Cooperation Agreement. Part of the economic benefits generated by the Onshore Holdco and its subsidiaries will be intellectual properties developed or created during the normal business operation of the Onshore Holdco and its subsidiaries. Though we do not intend to transfer any existing intellectual property rights held by the Onshore Holdco to the WFOE, the Onshore Holdco is required under the Contractual Arrangements to obtain the WFOE's prior written consent before they transfer, assign or dispose of any of the intellectual properties to any third party.

Unless otherwise terminated early by the WFOE, the Exclusive Business Cooperation Agreement will remain effective unless terminated in the event that (a) the entire equity interests held by the Registered Shareholders in the Onshore Holdco or the entire assets of the Onshore Holdco have been transferred to the WFOE; (b) in accordance with the other provisions of the Exclusive Business Cooperation Agreement.

Exclusive Option Agreement

The Onshore Holdco and the Registered Shareholders entered into an exclusive option agreement with the WFOE dated January 5, 2024 (the "Exclusive Option Agreement"), pursuant to which the WFOE (or our Company or any subsidiary of our Company, the "designee") is granted an irrevocable and exclusive right to purchase all of the equity interest in and/or assets of the Onshore Holdco for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Registered Shareholders and/or the Onshore Holdco shall return any amount of purchase price they have received to the WFOE or its designee. At the WFOE's request, the Registered Shareholders will promptly and unconditionally transfer their respective equity interests in and/or the relevant assets of the Onshore Holdco to the WFOE (or its designee) after the WFOE exercises its purchase right. Unless otherwise terminated early by the WFOE through written notice, the Exclusive Option Agreement will remain effective until when all the purchased equity interests are transferred to the WFOE and/or the designee and the WFOE and its subsidiaries have the right to legally conduct the business of the Onshore Holdco according to the PRC law.

In order to prevent the flow of the relevant assets and value of the Onshore Holdco and its subsidiaries to the Registered Shareholders, during the term of the Exclusive Option Agreement, the Onshore Holdco is not allowed to, and shall procure its subsidiaries not to, sell, transfer, mortgage or otherwise dispose of any of its assets (exceeding the value of RMB1.0 million) without the prior written consent of the WFOE. In addition, the Registered Shareholders are not allowed to request for any distributions, gains or other form of profits sharing and should forgo such distributions, gains or any other form of profits sharing within the scope permitted by the PRC law. In the event that the Registered Shareholders receive any distribution from the Onshore Holdco and/or its subsidiaries and subject to the PRC laws, the Registered Shareholders must immediately pay or transfer such distribution to the WFOE (or its designee). If the WFOE exercises its purchase right, all or any part of the equity interests in and/or assets of the Onshore Holdco acquired would be transferred to the WFOE and the benefits of equity ownership and/or assets, as applicable, would flow to us and our Shareholders.

As provided in the Exclusive Option Agreement, without the prior written consent of the WFOE, the Onshore Holdco shall not, and shall procure its subsidiaries not to, among other things, (i) sell, transfer, pledge or dispose of in any manner any of its assets for a value more than RMB1.0 million; (ii) execute any material contract for a value more than RMB0.5 million, except any contracts in the ordinary course of business and any contracts entered into with any members of our Group; (iii) provide any loan, financial support, pledge or guarantees in any form to any third party, or allow any third party create any pledge or other security interest on its assets or equity; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business of the Onshore Holdco or not disclosed and consented to by the WFOE; (v) enter into any consolidation or merger with any third party, or acquire or invest in any third party; (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. The Exclusive Option Agreement provides that the Registered Shareholders and the Onshore Holdco shall procure the subsidiaries of the Onshore Holdco to comply with the above undertaking as if they are parties to the Exclusive Option Agreement. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and us in the event of any loss suffered from the Onshore Holdco and/or its subsidiaries can be limited to a certain extent.

Shareholders' Rights Entrustment Agreement and Powers of Attorney

Pursuant to the shareholders' rights entrustment agreement entered into among the Registered Shareholders, the WFOE and the Onshore Holdco on January 5, 2024 (the "Shareholders' Rights Entrustment Agreement"), and the irrevocable power of attorney executed by each of the Registered Shareholders on the same day (the "Power of Attorney"), whereby the Registered Shareholders appointed the WFOE or a director of its offshore holding company or his or her successor (including a liquidator replacing the WFOE's director) as their exclusive agent and attorney to act on their behalf on all matters concerning the Onshore Holdco and to exercise all of its rights as a registered shareholder of the Onshore Holdco. These rights include (i) the right to propose, convene and attend shareholders' meetings; (ii) the right to sell, transfer, pledge or dispose of shares; (iii) the right to exercise shareholders' voting rights; and (iv) the right to act as the legal representative (chairperson), the director, supervisor, the chief executive officer (or general manager) and other senior management members of the Onshore Holdco. The authorized person is entitled to sign minutes, file documents with the relevant companies registry and exercise voting rights on the winding up of the Onshore Holdco on behalf of the Registered Shareholders. The Registered Shareholders have each undertaken to transfer all assets obtained after the winding up of the Onshore Holdco to the WFOE at nil consideration or the lowest price permissible by the then applicable PRC laws. As a result of the Shareholders' Rights Entrustment Agreement and the Powers of Attorney, we, through the WFOE, are able to exercise management control over the activities that most significantly impact the economic performance of the Onshore Holdco.

The Shareholders' Rights Entrustment Agreement and the Powers of Attorney shall automatically terminate once the WFOE (or any member of our Group other than the Onshore Holdco and their respective subsidiaries) directly holds the entire equity interests in and/or the entire assets of the Onshore Holdco once permitted under the then PRC laws and the WFOE (or its subsidiaries) is allowed to conduct the Relevant Businesses under the then PRC laws, following which the WFOE is registered as the sole shareholder of the Onshore Holdco.

Share Pledge Agreement

The Onshore Holdco, the Registered Shareholders and the WFOE entered into a share pledge agreement on January 5, 2024 (the "Share Pledge Agreement"). Under the Share Pledge Agreement, the Registered Shareholders will pledge as first charge all of their respective equity interests in the Onshore Holdco to the WFOE as collateral security for any or all of their payments due to the WFOE and to secure performance of their obligations under the Exclusive Business Cooperation Agreement, the Exclusive Option Agreement and the Powers of Attorney. The Share Pledge Agreement will not terminate until (i) all obligations of the Onshore Holdco and the Registered Shareholders are satisfied in full; (ii) the WFOE exercises its exclusive option to purchase the entire equity interests held by the Registered Shareholders in the Onshore Holdco and/or the entire assets of the Onshore Holdco pursuant to the terms of the Exclusive Option Agreement when it is permitted to do so under the applicable PRC laws; (iii) the WFOE exercises its unilateral and unconditional right of termination; or (iv) the agreement is required to be terminated in accordance with applicable PRC laws. In addition, under the Exclusive Option Agreement, none of the Registered Shareholders may transfer or permit the encumbrance of any of their equity interests in and the relevant assets of the Onshore Holdco (including any equity interests in and the relevant assets of the subsidiaries of the Onshore Holdco) without the WFOE's prior written consent. Furthermore, under the Exclusive Business Cooperation Agreement, the WFOE is entitled to retain and exercise physical control of company seals and certificates that are crucial to the daily operations of the Onshore Holdco, which further strengthens the protection of the WFOE's interests over the Onshore Holdco under the Contractual Arrangements. Should an event of default (as provided in the Share Pledge Agreement) occur, unless it is successfully resolved to the WFOE's satisfaction within 30 days upon being notified by the WFOE, the WFOE may demand that the Registered Shareholders and/or the Onshore Holdco immediately pay all outstanding payments due under the Exclusive Business Cooperation Agreement, repay any loans and make all other payments due to it, and/or dispose of the pledged equity interests and use the proceeds to repay any outstanding payments due to the WFOE. The pledges under the Share Pledge Agreement have been registered with the relevant PRC legal authority on January 15, 2024 pursuant to PRC laws and regulations.

Other key terms thereunder

Dispute resolution

Each of the Contractual Arrangements stipulates that the parties thereto shall negotiate in good faith to resolve the dispute in the event of any dispute with respect to the construction and performance of the provisions of any such Contractual Arrangements. In the event the parties fail to resolve such a dispute within a prescribed period after any party's request for resolution of the dispute through negotiations, any party may submit the relevant dispute to the Beijing Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration ruling shall be final and binding on all parties. Any party shall have the right to apply to the courts with competent jurisdiction for enforcement of arbitration rulings after the arbitration rulings come into force.

Each of the Contractual Arrangements also provides that (i) the arbitral tribunal may award remedies over the equity interests, assets or property interest of the Onshore Holdco, injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of the Onshore Holdco; and (ii) the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and other jurisdiction (being the place of domicile of the Onshore Holdco and where the principal assets of the Onshore Holdco or the WFOE are located) also have jurisdiction for the grant or enforcement of the arbitral award and the interim remedies against the shares or property interest of the Onshore Holdco.

However, our PRC Legal Advisor has advised that (i) a tribunal normally would not grant such kind of injunctive relief or winding up order of the Onshore Holdco under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in the PRC; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the Contractual Arrangements.

As a result of the above, in the event that our Consolidated Affiliated Entities, the Onshore Holdco or the Registered Shareholders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. Please refer to the section headed "Risk Factors — Risks Relating to Our Corporate Structure — We rely on the Contractual Arrangements with our Consolidated Affiliated Entities and the Registered Shareholders to exercise control over our business, which may not be as effective as direct ownership in providing operational control" of this Document for details.

Succession

The provisions set out in the Contractual Arrangements are also binding on the successors of the Registered Shareholders, as if the successors were signing parties to the Contractual Arrangements. Under the succession laws of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and the maternal grandparents and any breach by the successors would be deemed to be a breach of the Contractual Arrangements. In case of a breach, the WFOE can enforce its rights against the successors. Pursuant to the Contractual Arrangements, any inheritor of the Registered Shareholders shall inherit any and all rights and obligations of the registered shareholders under the Contractual Arrangements as a result of their death, loss of capacity, marriage, divorce, bankruptcy or under other circumstance which would affect their exercise of equity interest in the Onshore Holdco, as if the inheritor was a signing party to such Contractual Arrangements.

According to the terms of the Exclusive Option Agreement, each of the Registered Shareholders has undertaken, in the event of death or any other event which causes the inability of the shareholder to perform their day-to-day obligations including bankruptcy, marriage or divorce, to transfer all of the equity interests, including right and obligations, in the Onshore Holdco, held by them without consideration to the WFOE or an individual or legal entity designated by the WFOE under applicable PRC law.

Spouse undertaking in relation to the Contractual Arrangements

The spouse of each of Mr. Wang, Ms. Wang and Mr. Zhu executes an irrevocable undertaking on January 5, 2024, whereby they expressly and irrevocably acknowledge and undertake that (i) any equity interests held by Mr. Wang, Ms. Wang and Mr. Zhu in the Onshore Holdco do not fall within the scope of their communal properties; (ii) they will not have any claim on the interests of the Onshore Holdco obtained through the Contractual Arrangements; (iii) they have never participated and will not participate in the operation or management of the Onshore Holdco.

Based on the foregoing, our PRC Legal Advisor is of the view that (i) the Contractual Arrangements provide protection to us even in the event of loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the Registered Shareholders; and (ii) loss of capacity, death, bankruptcy (if applicable), marriage or divorce of the Registered Shareholders would not affect the validity of the Contractual Arrangements, and the WFOE can enforce its rights under the Contractual Arrangements against the successors of such shareholders.

Arrangements to address potential conflicts of interest

Each of the Registered Shareholders has given their irrevocable undertakings in the Shareholders' Rights Entrustment Agreement which address potential conflicts of interests that may arise in connection with the Contractual Arrangements. For further details, see "— Shareholders' Rights Entrustment Agreement and the Powers of Attorney" above.

Loss sharing

None of the agreements constituting the Contractual Arrangements provides that our Company or the WFOE is obligated to share the losses of the Onshore Holdco, but if the Onshore Holdco suffers any losses or material difficulties of business, the WFOE will provide financial support as permitted under PRC laws at its discretion to the Onshore Holdco under the terms of the Exclusive Business Cooperation Agreement. Further, the Onshore Holdco is a limited liability company and shall be solely liable for its own debts and losses with assets and properties owned by it. Under PRC laws and regulations, our Company or the WFOE is not expressly required to share the losses of the Onshore Holdco or provide financial support to the Onshore Holdco. Despite the foregoing, given that we conduct the Relevant Businesses in the PRC through the Consolidated Affiliated Entities which hold the requisite PRC license and approvals and that the Onshore Holdco's results of operations and assets and liabilities are consolidated into our results of operations and assets and liabilities under the applicable accounting principles, our business, financial condition and results of operations would be adversely affected if the Consolidated Affiliated Entities suffered losses.

Liquidation

Pursuant to the Exclusive Option Agreement, in the event of a mandatory liquidation required by PRC laws, the Onshore Holdco shall sell all of its assets, to the extent permitted by PRC laws, to the WFOE or another qualifying entity designated by the WFOE, at the lowest selling price permitted by applicable PRC laws. Any obligation for the WFOE to pay the Onshore Holdco as a result of such transaction shall be waived by the Onshore Holdco and any profits arising from the above transactions shall be paid to the WFOE or the qualifying entity designated by the WFOE in partial satisfaction of the service fees under the Exclusive Business Cooperation Agreement, as applicable under the then current PRC laws. Accordingly, in the event of winding up of the Onshore Holdco, a liquidator may seize the relevant assets of the Onshore Holdco through the WFOE based on the Contractual Arrangements for the benefit of our creditors/shareholders.

Termination

Each of the Contractual Arrangements provides that the WFOE and the Onshore Holdco shall terminate the Contractual Arrangements once the WFOE holds the entire equity interests in and/or the entire assets of the Onshore Holdco under the then PRC laws and if the WFOE or its subsidiaries are able to conduct the Relevant Businesses directly as a result of being permitted to do so under the then PRC laws and the WFOE is registered as the sole shareholder of the Onshore Holdco. In addition, pursuant to the Exclusive Business Cooperation Agreement, the WFOE has the unilateral right to terminate these agreements at any time by providing 30 days' advance written notice to the Onshore Holdco.

Insurance

We do not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Company's confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating our businesses through the Consolidated Affiliated Entities under the Contractual Arrangements.

Legality of the Contractual Arrangements

Based on the above, our PRC Legal Advisor is of the opinion that the Contractual Arrangements are narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations and that:

(i) each of the WFOE and the Onshore Holdco is an independent legal entity which is duly established, and their respective establishment is valid, effective and complies with the relevant PRC laws;

(ii) the Contractual Arrangements do not fall within the circumstances which will lead such arrangements to be void under the PRC Civil Code, including the following circumstances: (i) a civil juristic act performed by a person having no capacity for civil conducts; (ii) a civil juristic act performed by the actor and the counterparty based on false expression of intention; (iii) a civil juristic act violates the mandatory provisions of laws and administrative regulations; (iv) a civil juristic act violates of public order and morals; or (v) a civil juristic act with malicious collusion to damage the interest of a third party, etc;

(iii) none of the agreements under the Contractual Arrangements violates any provisions of respective articles of association of the WFOE, the Consolidated Affiliated Entities;

(iv) the Contractual Arrangements do not require any approvals from the PRC governmental authorities, except that (a) the pledges under the Share Pledge Agreement are required to be registered with the relevant local SAMR; (b) the exercise of the option by WFOE of its right under Exclusive Option Agreement to all or part of the equity interests in our Onshore Holdco is subject to the approvals of, consent of, filing with and/or registration with the PRC governmental authorities;

(v) the Contractual Arrangements are not in violation of applicable PRC laws and regulations, except that the Contractual Arrangements provide that the arbitral body may award remedies over the shares and/or assets of the Onshore Holdco, injunctive relief and/or winding up of the Onshore Holdco, and that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal, while under PRC laws, an arbitral body has no power to grant injunctive relief and may not directly issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in the Onshore Holdco in case of disputes. In addition, interim remedies or enforcement orders granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and

(vi) the consummation of the contemplated [**REDACTED**] of our Shares on the Stock Exchange is not a violation of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which was adopted by six PRC regulatory agencies, including MOFCOM and the China Securities Regulatory Commission, and effective since September 2006 and amended on June 22, 2009.

However, we have been advised by our PRC Legal Advisor that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws and regulations. Accordingly, there can be no assurance that the PRC regulatory authorities will not in the future take a view that is contrary to or otherwise different from the above opinion of our PRC Legal Advisor.

Based on the above advice from our PRC Legal Advisor, and considering that as of the date of this document, we have never encountered any interference or encumbrance from any PRC governments with respect to our business operations through the Onshore HoldCo under the Contractual Arrangement, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations. See the section headed "Risk Factors — Risks Relating to Our Corporate Structure — If the PRC government deems that the Contractual Arrangements in relation to our Consolidated Affiliated Entities do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these laws or regulations or the interpretation of existing laws and regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations."

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company, a waiver has been sought from and [has] been granted by the Stock Exchange, details of which are disclosed in the section headed "Connected Transactions" of this Document.

DEVELOPMENT IN THE PRC LEGISLATION ON FOREIGN INVESTMENT

Background of the Foreign Investment Law

On March 15, 2019, the National People's Congress approved the Foreign Investment Law which became effective on January 1, 2020. On December 26, 2019, the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law, which came into effect on January 1, 2020. The Foreign Investment Law replaced the Sino-Foreign Equity Joint Venture.

Enterprise Law, the Sino-Foreign Cooperative Joint Ventures Enterprise Law and the Wholly Foreign Invested Enterprises Law to become the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment, but does not explicitly stipulate contractual arrangements as a form of foreign investment. The Implementation Regulations on the Foreign Investment Law are also silent on whether foreign investment includes contractual arrangements.

Impact and consequences of the Foreign Investment Law

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, including our Group. We use the Contractual Arrangements to establish control of our Consolidated Affiliated Entities, by the WFOE through which we operate our business in the PRC. As advised by our PRC Legal Advisor, since contractual arrangements are not specified as foreign investment under the Foreign Investment Law and if future laws, regulations and provisions prescribed by the State Council do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be affected and will continue to be legal, valid and binding on the parties with an exception, for which, see "Contractual Arrangements — Legality of the Contractual Arrangements".

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council" without elaboration on the meaning of "other methods". There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of our Consolidated Affiliated Entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. See "Risk Factors — Risks Relating to Our Corporate Structure — The interpretation and implementation of the Foreign Investment Law may be subject to changes from time to time, and it remains to be seen how it may impact the viability of our current corporate structure and business operations."

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

1. major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion as and when they arise;

2. our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

3. our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

4. our Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of the WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS

Consolidation of financial results of operating entities

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by the WFOE, the Onshore Holdco shall pay services fees to the WFOE. The services fee shall equal to the Onshore Holdco's consolidated profit before tax excluding the service fee thereunder, after deducting any accumulated losses of the Consolidated Affiliated Entities from the preceding fiscal year, and any costs, expenses, tax and other statutory contribution in relation to the respective fiscal year. The WFOE has the right to periodically receive or inspect the accounts of the Consolidated Affiliated Entities.

In addition, under the Exclusive Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the Registered Shareholders as the WFOE's prior written consent is required before any distribution can be made. If the Registered Shareholders receive any income, profit distribution or dividend, they shall promptly transfer or pay, as part of the services fee under the Exclusive Business Cooperation Agreement, such income, profit distribution or dividend to the WFOE or any other person designated by the WFOE to the extent permitted under applicable PRC laws.

As a result of the Contractual Arrangements between the WFOE, the Onshore Holdco and the Registered Shareholders, the WFOE is able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities are treated as controlled structured entities of our Company and consolidated by our Company. The basis of consolidating the results of the Consolidated Affiliated Entities is disclosed in Note 1.2 to the Accountants' Report set out in Appendix I to this Document.

OVERVIEW

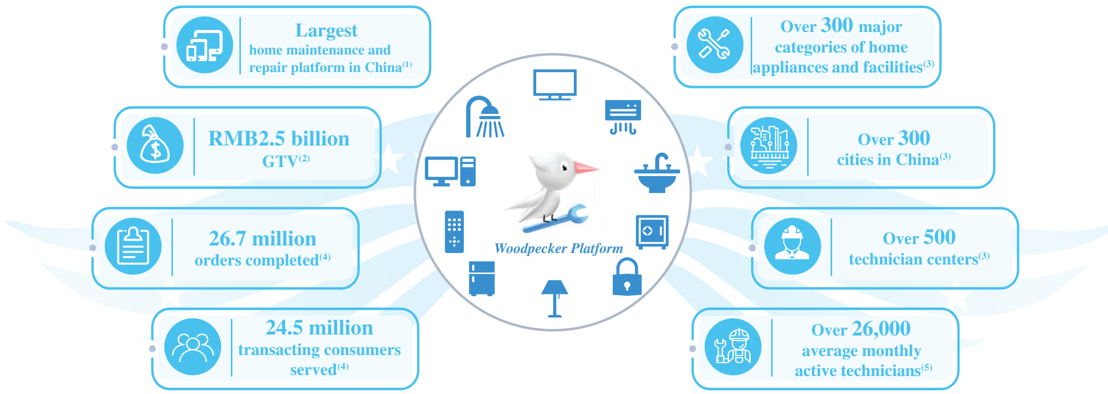
Who We Are

We are the largest home maintenance and repair platform with a 2.4% market share in China's online home maintenance and repair industry in 2023 in terms of GTV, according to CIC. With the know-how accumulated in decades of industry experience, we have taken initiatives to promote the digitalization of China's home maintenance and repair industry. Leveraging our strong technology capabilities, we have standardized home maintenance and repair services for pricing, service quality, delivery processes and post-service assurance. Our *Woodpecker* (啄木鳥) platform makes convenient, transparent and trustworthy services available to millions of Chinese families in over 300 cities, while providing sustainable income opportunities to a broad base of technicians.

Our *Woodpecker* platform serves as a convenient one-stop solution for a diverse array of home maintenance and repair needs. Services available on our platform span across over 300 major categories of home appliances and facilities, ranging from home appliance repair, cleaning and installation to plumbing and electrical maintenance, pipe unclogging, lock repair and replacement, wet area waterproofing, wall refurbishment, kitchen and bathroom renovation, tile and flooring repair, door and window maintenance, furniture repair, as well as electronics repair such as phones and laptops. The aggregate GTV of our platform increased from RMB0.99 billion in 2021 to RMB1.46 billion in 2022 and further to RMB2.48 billion in 2023, representing a CAGR of 58.5% from 2021 to 2023. The aggregate GTV of our platform was RMB1.57 billion in the six months ended June 30, 2024. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our platform served approximately 4.0 million, 5.5 million, 9.0 million and 6.1 million transacting consumers, and facilitated approximately 4.3 million, 6.0 million, 9.9 million and 6.6 million home maintenance and repair orders, respectively.

A large and growing network of competent and loyal technicians is the key to us being the platform of consumers' choice. Technicians on our platform are our customers to whom we provide platform services facilitating their transactions with consumers relating to home maintenance and repair services. We offer technicians diverse skill training, both online and offline, to help them improve service quality and broaden their skill sets. We provide them with standardized service guidance and digital tools to enhance the efficiency and professionalism of their services. We have established a nationwide network of over 500 technician centers, offering partner technicians diverse and professional training, technical and supply chain support, as well as an interactive and vibrant social community. For technicians who have developed strong leadership benefitting from our technician empowerment system, we offer them the opportunity to join us as our employees and manage frontline operations in local markets, opening up career advancement options rarely found in this traditional industry. Our approach has fostered a strong sense of loyalty among technicians to our platform and contributed to our consistent service quality. The average monthly active technicians on our platform increased by 62.8% from 7,092 in 2021 to 11,546 in 2022, and further increased by 65.5% to 19,105 in 2023, and by 41.2% to 26,968 in the six months ended June 30, 2024.

Our Scale and Financial Performance



Notes:

(1) In terms of GTV in 2023, according to CIC

(2) In 2023

(3) As of June 30, 2024

(4) During the Track Record Period

(5) In the six months ended June 30, 2024

We have achieved significant growth in recent years. The aggregate GTV of our platform increased from RMB0.99 billion in 2021 to RMB1.46 billion in 2022 and further to RMB2.48 billion in 2023, representing a CAGR of 58.5% from 2021 to 2023. The aggregate GTV of our platform was RMB1.57 billion in the six months ended June 30, 2024. The number of service orders completed on our platform increased from approximately 4.3 million in 2021 to approximately 6.0 million in 2022, and further to approximately 9.9 million in 2023. The number of service orders completed on our platform was approximately 6.6 million in the six months ended June 30, 2024. The transacting consumers our platform served increased from approximately 4.0 million in 2021 to approximately 5.5 million in 2022, and further to approximately 9.0 million in 2023. The transacting consumers our platform served was approximately 6.1 million in the six months ended June 30, 2024. Our revenue increased by 48.1% from RMB401.4 million in 2021 to RMB594.6 million in 2022, and further increased by 70.0% to RMB1.0 billion in 2023. Our revenue increased by 45.1% from RMB429.3 million to RMB622.8 million in the six months ended June 30, 2023 to the same period in 2024. Our net profit decreased to RMB6.2 million in 2022 from RMB33.4 million in 2021, primarily due to a loss arising from changes in fair value of the paid-in capital with preferred rights of Chongqing Woodpecker in 2022. Our net profit significantly increased from RMB6.2 million in 2022 to RMB48.9 million in 2023. Our net profit slightly decreased from RMB41.5 million in the six months ended June 30, 2023 to RMB38.9 million in the six months ended June 30, 2024, primarily due to the significant increase of selling and marketing expenses in line with the boost of service orders on our platform. Our adjusted net profit (non-IFRS measure) increased from RMB23.6 million in 2021 to RMB42.8 million in 2022, and significantly increased to RMB144.6 million in 2023. Our adjusted net profit (non-IFRS measure) decreased from RMB75.1 million in the six months ended June 30, 2023 to RMB72.9 million in the six months ended June 30, 2024.

Industry Opportunities and Challenges

According to CIC, there are currently over three billion major appliances in Chinese households, creating an immense demand for maintenance and repair services. As the major appliance market is oversupplied and the pace of replacement slows down, with the sales volume of major appliance decreased from approximately 326.0 million in 2018 to approximately 294.0 million in 2023, representing a CAGR of minus 2.1%, the need for appliance repair services is expected to grow significantly. The appliance repair market is further driven by the shift of small appliances towards intelligent, high-end and pricier options which usually require expert maintenance and repair services. In addition, according to China's seventh national population census, more than 65% of Chinese families resided in homes constructed over a decade ago, and approximately 35% of Chinese houses are at least 20 years old. The saturation of the housing market and the implementation of regulatory policies related to renovating old houses will boost the market demand for home maintenance services. China's home maintenance and repair market in terms of GTV is expected to grow from RMB714.9 billion in 2023 to RMB931.8 billion in 2027 at a CAGR of 6.8%, according to CIC.

China's home maintenance and repair industry currently has a low online penetration rate. According to CIC, with the widespread use of mobile internet and the improved service efficiency offered by digitalization, Chinese consumers are expected to increasingly use online channels to seek home maintenance and repair services. As a result, the online penetration rate of this industry is expected to increase from 14.5% in 2023 to 25.4% in 2027, presenting significant growth opportunities for online platforms. In addition, the overall industry landscape is highly fragmented, presenting significant opportunities for strategic consolidation.

China's home maintenance and repair industry faces various challenges. For technicians:

- *Unstable income*: Despite a sizable number of technicians in the market, most operate on a small business scale with limited service capacity, often leading to unmet demand of home maintenance and repair services in regional markets. Further, individual technicians are constrained by their service radius and limited order acquisition channels. They often face an unstable order flow and fluctuating income, resulting in a high turnover rate of technicians in the industry.

- *Insufficient skills*: The lack of high-quality, easily accessible trainings leads to significant variations in technicians' technical capabilities. With the increasing popularity of smart home appliances and personal devices, the diverse and complex installation and repair service requirements pose a considerable challenge for many technicians.

- *Operational hurdles*: Technicians often have to handle multiple tasks such as procuring spare parts and seeking new customers and orders, which can divert their resources and attention from their primary responsibilities of maintenance and repair.

For consumers:

- *Lack of prompt services*: The process of finding competent technicians available to perform the task at hand is time-consuming. In service peak times, consumers may experience extended waiting time.

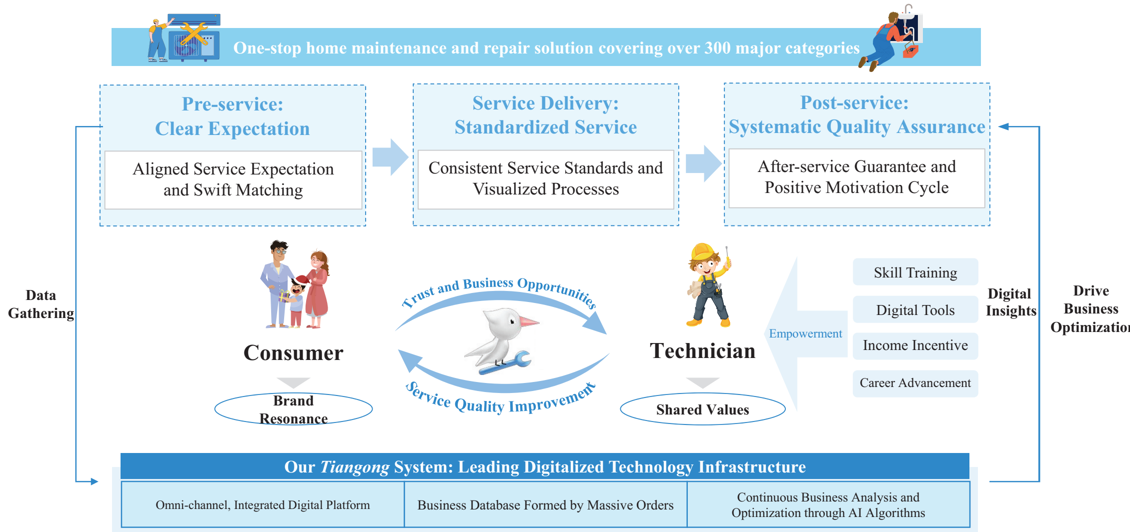
- *Lack of one-stop solution*: Under traditional service model, consumers frequently need to contact multiple types of service providers, including individual technicians, mom-and-pop shops, and online information listing platforms, to find competent technicians for various home maintenance and repair services, resulting in additional time and effort.

- *Inconsistent service quality*: The absence of standardized industry practices contributes to inconsistent service quality and opaque pricing, ultimately undermining consumer trust and satisfaction.

Our *Woodpecker* Solutions

Since our inception, we are committed to addressing the key challenges faced by China's home maintenance and repair industry. Our journey began when our founder and Chairman, Mr. WANG Guowei (王國偉), started his career as a frontline technician. With decades of industry experience, Mr. Wang has witnessed the industry's evolution and pioneered its digital transformation. Our founder team combines a deep understanding of home maintenance and repair services with digital technologies, creating our distinctive Service-as-a-Product ("SaaP") model. Our SaaP model divides complex transaction processes and non-standard services varying by individual demand into well-delineated modules that technicians can follow in pre-service, service delivery and post-service stages. This allows home maintenance and repair services to be searched for and purchased on our platform in a similar way to standardized physical goods. By implementing the SaaP model across the entire service chain, we bring transparency to service scope and pricing, standardize service delivery, and ensure quality assurance in an industry historically lack of transparency and efficiency.

The diagram below illustrates the key components of our platform and the synergies among them:



- *Standardized services.* Our *Woodpecker* platform serves as a one-stop solution for a comprehensive range of home maintenance and repair services. Our SaaP model transforms wide-ranging, non-standard home maintenance and repair services into modularized, standardized products. These products eliminate information gaps among consumers, technicians and us as a platform. The SaaP model enables us to achieve efficient iteration of service procedures and continuous refinement of service quality.

- *Technology foundation.* We have built in-house *Tiangong* System (天工系統), an end-to-end system that digitalizes key aspects of our business operations, such as order placement, order dispatch, standard operating procedure management and quality assurance, and supports our back-end operations, such as R&D, sales and marketing, as well as human resources. *Tiangong* System enables us to derive unique business insights from a significant volume of business data from the transactions fulfilled through our *Woodpecker* platform, driving the ongoing optimization and iteration of services available on our platform. Our comprehensive digital capabilities significantly enhance our operation and management efficiency, expanding the scalability of our business.

- *Flywheel effect.* Through our smart order dispatch system, we connect consumers with a large pool of well-trained technicians in real time. With standardized service procedures and consistent service quality, we effectively address consumers' home maintenance and repair needs, which drives strong word-of-mouth referrals for our services. Abundant consumer orders, coupled with fair and standardized transaction processes, consistently attract skilled technicians to our platform, which in turn improves order dispatch efficiency and enhances consumer satisfaction, creating a positive and sustainable flywheel effect.

We deliver differentiated *Woodpecker* experience to consumers for home maintenance and repair services, during each of the pre-service, service delivery and post-service stages:

- *Pre-service stage: clear expectation.* Through our *Woodpecker* platform, consumers gain a clear picture of the services offered by us and our partner technicians, including information on response time, pricing, service procedures and expected results. This reduces communication costs in the pre-service phase, bridges information gaps and fosters mutual understanding between consumers and technicians, ultimately enhancing order success rate and service satisfaction. Our extensive coverage in service categories and geographical regions, combined with diverse online and offline touchpoints, provides consumers with a convenient access to the services they need. Service prices strictly follow standardized guidelines, and our smart order dispatch system ensures real-time matching of consumer orders with suitable technicians. This makes *Woodpecker* as synonym for rapid response time, transparent pricing, and reliable services.

- *Service delivery: standardized service.* Drawing from a deep understanding of the intricacies of home maintenance and repair processes, we embrace the SaaP model which divides complex transaction processes and non-standard services into well-delineated modules. We formulate precise standards for each module, forming cohesive standardized service products. From ground zero, we have built an online-offline integrated service process, covering consultation and order placement, on-site visits and issue-spotting, price quotes, maintenance and repair, and after-service support. Leveraging *Tiangong* System, our in-house developed digital system, crucial milestones throughout the maintenance and repair process are digitally tracked and monitored. Our system enables end-to-end visualized digital oversight, improving transparency and quality assurance in home maintenance and repair industry, reducing disputes, fostering consumer trust, and promoting our brand value.

- *Post-service stage: systematic quality assurance.* We place equal importance on post-service support and feedback mechanisms, upholding quality standards and offering better consumer experience. By digitally tracking key service milestones, we furnish consumers with a repair report upon completion of maintenance and repair work, allowing them to review and confirm acceptance before service fees are charged. Additionally, technicians on our platform provide a minimum of 90-day warranty for the same malfunctions and we conduct post-service surveys to actively gather consumer feedback. Our comprehensive technician rating system assesses individual skills and consumers' feedbacks, with an incentive mechanism in place to encourage higher service quality. Continuous feedback from both consumers and technicians guides ongoing improvements to our standard operating procedures (SOP). Through these mechanisms, we can progressively increase the proportion of highly rated technicians acknowledged by consumers on our platform, thereby elevating our overall service quality.

Our Value Propositions

Our efforts to digitize home maintenance and repair services have tackled key industry pain points, closing the information gap between supply and demand and reshaping industry standards for better efficiency and transparency.

We offer unique value propositions for our consumers as well as technicians. For consumers, we provide:

- a unified, digitalized home maintenance and repair platform making hundreds of home maintenance and repair services accessible nationwide;
- a seamless, efficient and consumer-friendly service initiation process and prompt responses to service requests;
- standardized services and competitive, transparent pricing; and
- a comprehensive post-service evaluation and warranty system that effectively addresses consumer concerns.

For technicians, we provide:

- an automated matching process and a steady flow of service orders, which reduce their efforts searching for clients and service orders;
- systematic training programs to equip technicians with essential skills;
- streamlined access to a range of online and offline digital and technical support that enhances their work efficiency;
- convenient access to high-quality, affordable spare parts, relieving them of the burden of procuring and vetting spare parts; and
- stable, dignified and long-term income opportunities, fostering continuous upskilling and fair compensation.

OUR COMPETITIVE STRENGTHS

We believe the following competitive strengths have contributed to our success and differentiate us from our competitors.

The largest home maintenance and repair platform in China, offering one-stop solutions to household needs

We are the largest home maintenance and repair platform with a 2.4% market share in China's online home maintenance and repair industry in 2023 in terms of GTV, according to CIC. In the six months ended June 30, 2024, our *Woodpecker* platform had over 6.6 million transactions with an aggregate GTV of approximately RMB1.57 billion. In 2023, our *Woodpecker* platform had over 9.9 million transactions with an aggregate GTV of approximately RMB2.48 billion, representing a 65.0% and 69.5% increase, respectively, compared to 2022. In 2022, we had over 6.0 million transactions with an aggregate GTV of approximately RMB1.5 billion, representing a 41.1% and 48.2% increase, respectively, compared to 2021. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our platform served approximately 4.0 million, 5.5 million, 9.0 million and 6.1 million transacting consumers, and facilitated approximately 4.3 million, 6.0 million, 9.9 million and 6.6 million home maintenance and repair orders, respectively.

Our *Woodpecker* platform serves as a convenient one-stop solution for a diverse array of home maintenance and repair needs. Services available on our platform span across over 300 major categories of home appliances and facilities, ranging from home appliance repair, cleaning and installation to plumbing and electrical maintenance, pipe unclogging, lock repair and replacement, wet area waterproof, wall refurbishment, kitchen and bathroom renovation, tile and flooring repair, door and window maintenance, as well as electronics repair.

With our in-house developed digital system, *Tiangong* System, and a large base of competent and loyal technicians, we have established an extensive service network to promptly address consumer demand across the country. As of June 30, 2024, services available on our platform were accessible in over 300 cities in China. Our smart order dispatch system connects consumers with suitable technicians in real time based on several factors, including type of services, locations, as well as appointment time.

We believe that we have gained significant first-mover advantages through our extensive industry knowledge, profound insights and strong execution abilities. As we continue to leverage our online-and-offline integration capabilities, we are well-positioned to remain at the forefront of China's home maintenance and repair industry and pioneer its digitalization.

Distinctive SaaP model, enhancing service quality and efficiency

We are the pioneer in digitalizing China's home maintenance and repair industry, driving a digital, standardized and platform-based transformation. Drawing on decades of industry insights of our founder team, we power home maintenance and repair industry through digital technologies. Our in-house developed digital system, *Tiangong* System, integrates online and offline operations throughout the service process across hundreds of service categories, forming our distinctive SaaP model. Our SaaP model divides non-standard services varying by individual demand into modules that technicians can follow and enables us to oversee each key service process. By implementing SaaP across the entire service chain, we bring transparency to service scope and pricing, standardize service delivery, and ensure quality assurance in an industry historically lack of transparency and efficiency.

Prior to technicians' on-site services, consumers can obtain clear information of services available on our platform, geographic coverage of our service network and pricing. Predetermined pricing guidelines promote transparent and standardized pricing, allowing consumers to establish clear expectations before utilizing services available on our platform. Our smart order dispatch system can complete the matching process in real time and respond to consumers promptly. During technicians' services, we create a consistent consumer experience by implementing service standard guidelines and tracking key steps with digital, visualized tools. Robust after-service support and a comprehensive evaluation system achieve systematic quality control, safeguarding service quality and providing consumers with a reliable experience.

These measures bridge information gaps and form mutual understandings among consumers, technicians, and us as a platform. By redefining standards, reshaping the pricing system, and continuously refining our capabilities, we establish a solid foundation for consumer trust.

Nationally recognized *Woodpecker* brand, embodying trust and reliability

Our success speaks to the quality of services available on our platform. Through our dedication to service quality and consumer satisfaction, *Woodpecker* has become the largest platform for home maintenance and repair services in China. As a testament to our exceptional service quality, consumers consistently give us high ratings, showcasing their satisfaction.

We have received numerous awards in recognition of our innovative services and industry contribution, including Chinese Brand List — Golden Tripod Award, Integrity Brand, Innovation Brand and Leadership Brand recognized by the seventh National Forum on Brand Innovation and Development in 2021, and Chongqing Enterprise Technology Center recognized by Chongqing municipal authority in 2023.

A large network of competent and loyal technicians

Embracing the principle of valuing technicians' work dignity and fostering their sense of fulfillment, we continuously empower technicians on the *Woodpecker* platform by assisting them in enhancing their skills and service quality and providing a fair and enjoyable work environment. Our efforts have allowed us to cultivate a large and growing network of competent and loyal technicians. In 2021, 2022 and 2023, and the six months ended June 30, 2024, approximately 24,936, 41,707, 67,045 and 71,143 technicians, respectively, had registered with our *Woodpecker* platform. The average monthly active technicians on our platform increased by 62.8% from 7,092 in 2021 to 11,546 in 2022, and further increased by 65.5% to 19,105 in 2023. This figure further increased by 41.2% from 19,105 in 2023 to 26,968 in the six months ended June 30, 2024.

We offer comprehensive training courses, both online and offline, to equip technicians with the technical knowledge, service process guidelines, and effective communication skills for interacting with consumers. We provide a mentorship program where seasoned technicians are paired with newcomers to help them acquire the requisite skills before commencing service. As of June 30, 2024, a cumulative total of over 87,000 technicians had undergone skill training with us. Through our training programs, technicians on the *Woodpecker* platform are able to rapidly understand consumer requirements, accurately diagnose technical issues, and deliver effective solutions.

Leveraging accumulated big data in maintenance and repair services, we have built up comprehensive knowledge graphs and problem-solving databases. Combing practical industry know-how with innovative technologies, we have developed in-house the *Woodpecker* Technician App, a dedicated mobile app for our partner technicians. This app is equipped with maintenance assistance tools that are customized for various service categories, helping technicians accurately diagnose problems, solve complex issues, and improve their work efficiency. Furthermore, we centrally procure high-quality spare parts and materials to supply our partner technicians a stable source of high-quality components for home maintenance and repair at competitive prices. This enhances overall service efficiency and maintains quality control over the parts used for our consumers.

Our platform provides technicians with a steady flow of service orders, meeting their need for sustainable income opportunities. We have implemented an incentive mechanism based on order volume and service excellence to encourage technicians to improve their service quality and to foster their loyalty. We have an evaluation system that assesses technicians based on their technical skills and service capabilities. The higher a technician is rated, the greater priority he or she will enjoy in order dispatch, and the higher income they will earn on each order. We partner with technicians with leadership potential and hire them as front managers at our regional branches. Our performance incentive system and clear career advancement opportunities contribute to the growth and loyalty of our partner technicians.

Our partner technicians' professionalism and exceptional performance have earned us consumer trust and acclaim. Abundant consumer orders on our platform, as well as fair and efficient service processes continue to attract technicians to our platform. We believe that our large and growing network of competent technicians improves order dispatch efficiency and enhances consumer satisfaction, thereby creating a positive flywheel effect for further scaling up our business.

Business-oriented technological capabilities

We are committed to cultivating innovative technological capabilities and digital solutions that seamlessly adapt to our ever-evolving business needs, driving cost efficiencies and enhancing our long-term competitiveness. Our operations thrive on dynamic, multi-level interactions among consumers, technicians, and other ecosystem participants, generating a substantial volume of service orders and data. This underscores the need for a reliable and scalable technology infrastructure, which we ensure through continuous refinement of our technology capabilities, central management of system operations and maintenance, and the implementation of a microservices architecture. Our approach facilitates swift deployment and iteration, striking a balance between stability, resilience, agility and scalability. We remain ahead in business innovation by staying attuned to emerging technologies and maintaining a forward-thinking approach.

Drawing on our understanding of the complete transaction processes and service value chain, we have adopted a data lakehouse architecture, which allows diverse data types to coexist, facilitates swift data sharing, centralizes metadata management, and provides unified data services. Our data collection spans the entire operational spectrum, from consumer acquisition and order initiation to service delivery and business operations, ensuring both completeness and business relevance. Leveraging this architecture, we use data warehouses tailored to specific business needs to structure and organize data for different uses. Utilizing advanced business intelligence (BI) tools and machine learning platforms, we conduct in-depth data analyses and generate crucial business insights and applications, including BI reports, consumer profiles and repair assistance tools. Our *Woodpecker* platform accumulated extensive transaction records for intricate business analysis, resulting in a wealth of data insights and industry knowledge. This has enabled us to continuously optimize service offerings and upgrade our operational systems, forming a positive self-reinforcing cycle where the volume of service orders translates into improved service quality, which in turn attracts more consumers.

As of June 30, 2024, we had a research and development team of 215 professionals experienced in data analysis and developing digital solutions. Harnessing big data and smart technologies, we have transformed a traditionally offline business into an end-to-end digital, standard and intelligent business model. We have developed in-house digital platforms that underpin key aspects of our business operations. These platforms serve different functions, ranging from marketing and promotion, order dispatch, product iteration, consumer interaction, technician empowerment, transaction facilitation, service delivery oversight, after-service support, spare parts supply, and quality assurance, all designed to maximize business efficiency and expand our operational horizons.

A seasoned, visionary leadership team and frontline managers with deep industry insights

Our leadership team is experienced, forward-thinking, and driven by an innovative spirit. Our seasoned executive team has guided our Company through a decades-long journey to pioneer advancements in the home maintenance and repair industry by leveraging the power of the internet and digitalization, shaping a new industry landscape and introducing innovative business models.

Mr. WANG Guowei, our founder, chairman of the Board and chief executive officer, began his journey as a frontline home maintenance and repair technician, accumulating decades of industry experience and actively participating in its evolution. His dedication to delivering an outstanding consumer experience through digitalized innovation and product capabilities has shaped our vision and team culture, instilling a strong emphasis on service quality. Our senior management team has been with us for an average of more than ten years. Key members of our management team include Mr. ZHU Hongkun, our co-founder and president, Mr. LI Qilong, our chief operating officer, Ms. ZHANG Wenjuan, our director of management center, and Mr. HE Guanghua, our chief technology officer. The diverse expertise of our senior management team contributes to the synergy of our operations, facilitating the execution of our strategies and ensuring sustainable long-term development.

Our frontline managers, who directly oversee service delivery at local branches, exemplify our dedication to cultivating industry talent. We prioritize the promotion of client-facing technicians with extensive hands-on experience to serve as our frontline managers. Recruited for their leadership potential, these managers bring a profound grasp of grassroots work, backed by extensive technical and service expertise, and a deep understanding of the needs of consumers and technicians. Coupled with exceptional managerial skills, they work in close collaboration with our partner technicians, ensuring the quality and efficiency of services available on our platform.

OUR GROWTH STRATEGIES

We intend to pursue the following strategies to further grow our business.

Diversify our service categories and expand our service network

Exceptional service quality is the key to our business success. With deep industry insights and a wealth of experience, we are committed to maintaining a consumer-centric approach. By continually optimizing service processes, enhancing technology proficiency, and providing robust consumer service and quality evaluation, our goal is to consistently elevate the overall service quality.

We plan to expand the range of services available on our platform. Embracing the ongoing smart transformation in the home appliance industry, we aim to introduce new service categories that meet the increasingly more dynamic and personalized consumer demands. Specifically, we intend to scale up our offerings related to consumer electronics, such as smart devices and mobile phones. In addition, the combination of a saturated, aging housing market and the implementation of regulatory policies aimed at revitalizing older homes is fostering the growth of the home maintenance market. We intend to build our expertise in these new service categories by recruiting experienced professionals in these fields and delivering targeted training to other technicians. We will allocate marketing and advertising resources to promote these services.

Further, we plan to expand the geographical coverage of our service network. As of June 30, 2024, our *Woodpecker* platform makes home maintenance and repair services accessible in over 300 cities in China, including all first- and second-tier cities. To drive growth, we plan to expand our presence in other strategically located areas with a large potential consumer base. Simultaneously, we will increase our business penetration in existing markets to cover a larger number of households.

Enhance our brand value and increase our brand influence

A large network of competent technicians on our platform enables prompt response to consumer needs and attracts new consumers, leading to a consistent flow of orders. This, in turn, motivates technicians to stay on our platform due to the reliable income it provides. Building upon this self-amplifying cycle, we aim to further enhance the *Woodpecker* brand. By employing accurate consumer profiling and behavior tracking, we aim to strategically target consumers with more personalized marketing initiatives. We will continue to utilize omni-channel strategies for lead generation, make services available on our platform more easily accessible, and effectively convey our brand story and values to consumers. These initiatives are aimed at increasing our brand awareness, fostering consumer loyalty, and tapping into potential consumer base. Actively engaging and communicating with consumers, we encourage them to share their service experiences and satisfaction levels, and expanding our influence through word of mouth.

We are committed to improving service quality and enhancing consumer satisfaction. By refining our consumer evaluation system and optimizing quality control measures, we aim to more efficiently address consumer concerns. Additionally, we plan to expand our efforts in consumer engagement, including the promotion of our consumer membership program and the delivery of expert content on home maintenance and repair solutions, with the goal to enhance consumer retention and maximize consumer lifetime value. We believe that our professional, reliable services, coupled with attentive consumer care, will solidify the *Woodpecker* brand identity.

Continue to empower technicians and expand our technician network

A large and stable pool of technicians is crucial to our growth. We are committed to empowering partner technicians, making income opportunities straightforward, simple and enjoyable, while also supporting their career growth. We plan to further develop our training programs and establish more training centers, which can assist technicians in honing their skillset, uphold service standards and elevate their service capabilities. We also plan to set up centralized maintenance and repair hubs to handle intricate tasks, providing additional support to technicians when needed. Leveraging data and digital tools, we help technicians cut operational costs and enhance overall efficiency. Through initiatives such as improving our order dispatching algorithms, optimizing the technician skill rating system and refining the service fee structure, we aim to provide technicians with more attractive income opportunities.

We will leverage our proficiency in digital technology, our management experience, our effective training programs and knowledge-sharing systems to recruit and retain partner technicians on our platform. We remain committed to recruiting frontline technicians to managerial roles at regional offices, utilizing their hands-on experience and local insights to oversee service quality and attract local technicians.

Strengthen our technological capabilities

Technological innovation is the key driving force in reshaping the home maintenance and repair industry. Our focus remains on optimizing our digital platform and driving growth through technology-powered services. We plan to continue to invest in cutting-edge technology to spearhead the industry's digital transformation, enhance operational efficiency, and optimize service quality.

Adapting to industry trends and consumer preferences, we aim to develop AI models customized for the home maintenance and repair industry. This involves leveraging existing data and technological expertise to lay a robust groundwork for creating industry-savvy AI models. By harnessing AI models, we seek to drive efficiency across various functions including R&D, order management, service workflow digitalization, as well as marketing and branding.

To solidify our technology leadership, we will continue to attract and cultivate top talents. We aim to retain our skilled workforce and cultivate a strong sense of identity and loyalty through initiatives that enhance job satisfaction and promote a collegial corporate culture. We plan to increase the proportion of technical experts within our team and establish a robust technology unit that strengthens our core competitiveness in research and development.

Pursue strategic partnerships, investments and acquisitions

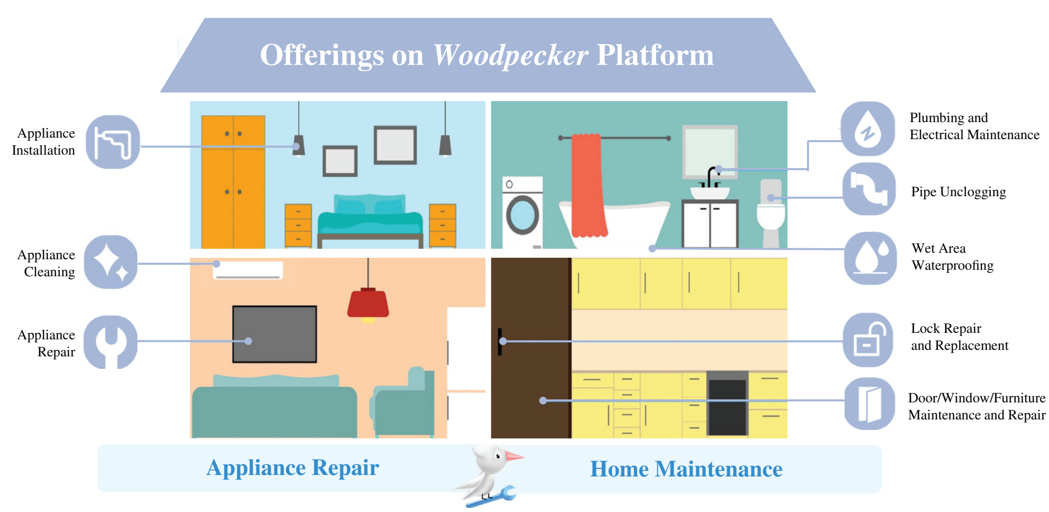
While continuing to adhere to our strategy of organic growth, we actively seek strategic partnerships, investments and acquisitions opportunities to reinforce our leading position in the home maintenance and repair industry. We have expanded our business into new areas that are complementary to our existing businesses, such as establishing partnerships with property management service providers, and providing maintenance and repair for photovoltaic equipment. We will seek opportunities in line with these new initiatives to attract new consumers to our platform, expand our geographical presence and create synergies with our existing businesses. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets.

OUR *WOODPECKER* PLATFORM

Our *Woodpecker* platform serves as a convenient one-stop solution for a diverse array of home maintenance and repair needs. We seamlessly bridge the online and offline worlds by creating a distinctive SaaP model, in which we divide non-standard, intangible services into manageable modules that technicians can follow in pre-service, service delivery and post-service stages. This model provides consumers with predictable pricing, easy searches, standardized and streamlined service delivery, as well as trustworthy post-service assurance, creating a differentiated *Woodpecker* experience. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our platform served approximately 4.0 million, 5.5 million, 9.0 million and 6.1 million transacting consumers, and facilitated approximately 4.3 million, 6.0 million, 9.9 million and 6.6 million home maintenance and repair orders, respectively.

Our Offerings

Services available on our platform span across over 300 major categories of home appliances and facilities as of June 30, 2024. Our offerings are divided into two main categories: appliance repair services and home maintenance services. The following diagram illustrates a summary of our offerings.



Among various services available on our platform, categorized on how consumers generally perceive and identify home maintenance and repair services, we offer 123 categories of appliance repair services and 268 categories of home maintenance services as of June 30, 2024, with some examples illustrated as follows. During the Track Record Period and up to the Latest Practicable Date, our *Woodpecker* platform did not facilitate extensive whole-house renovations or services to commercial or industrial properties.

Categories	Examples
Appliance Repair Services	
Repair services	• Dishwasher repair • Dryer repair
Cleaning services	• Refrigerator cleaning • Air conditioner cleaning
Installation services	• Washing machine installation • Television installation
Home Maintenance Services	
Plumbing and electrical maintenance	• Exhaust fan removal and installation • Tap installation and repair
Pipe unclogging	• Toilet unclogging • Bathtub unclogging
Wet area waterproofing	• Kitchen wet area waterproofing • Roof wet area waterproofing
Lock repair and replacement	• Smart lock installation • Lock cylinder replacement
Door/Window/Furniture maintenance and repair	• Wardrobe assembly • Security door repair

The following table sets forth the key indicators of service orders fulfilled through our platform for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Total				
GTV (RMB in millions)[(1)]	986.4	1,462.2	2,479.1	1,567.0
Number of service orders	4,255,917	6,004,806	9,910,066	6,568,008
GTV per order (RMB)[(2)]	231.8	243.5	250.2	238.6
Appliance repair services[(3)]				
GTV (RMB in millions)[(1)(4)]	597.5	814.3	1,294.4	847.4
Number of service orders	2,650,865	3,627,210	5,771,637	3,980,297
GTV per order (RMB)[(2)]	225.4	224.5	224.3	212.9
Home maintenance services				
GTV (RMB in millions)[(1)(5)]	388.9	647.9	1,184.7	719.6
Number of service orders	1,605,052	2,377,596	4,138,429	2,587,712
GTV per order (RMB)[(2)]	242.3	272.5	286.3	278.1

Notes:

(1) Represents the total amount paid by transacting consumers for the service orders completed through our platform (including the amounts paid for spare parts, materials and home appliances that are used or installed by technicians during their services), after giving effect to refunds and without deducting any commission charged on service orders and the value-added tax.

(2) Calculated by dividing the GTV of service orders by the total number of service orders fulfilled through our platform in a given period.

(3) Appliance repair services encompass repair, cleaning and installation services for home appliances.

(4) In 2021, 2022 and 2023, and the six months ended June 30, 2024, the GTV contributed by repair services for home appliances amounted to RMB476.1 million, RMB621.0 million, RMB989.2 million and RMB619.0 million, respectively, accounting for 48.3%, 42.5%, 39.9% and 39.5% of our total GTV, respectively, making repair services the largest component within appliance repair services.

(5) During the Track Record Period, plumbing and electrical maintenance services constituted the largest component within home maintenance services. The GTV contributed by plumbing and electrical maintenance services amounted to RMB163.0 million, RMB258.4 million, RMB452.2 million and RMB265.0 million in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively, accounting for 16.5%, 17.7%, 18.2% and 16.9% of our total GTV, respectively.

Our revenue generated from service orders fulfilled through our platform accounted for 40.1%, 40.3%, 40.6% and 39.4% of the total GTV of the fulfilled service orders in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively.

The following table sets forth certain of our key operating data for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Number of cities covered	296	292	307	329
Number of registered technicians	24,936	41,707	67,045	71,143
Average number of monthly active technicians	7,092	11,546	19,105	26,968
Average number of orders per technician	348	312	348	144
Technician retention rate[1]	86.9%	86.9%	87.0%	84.8%
Number of transacting consumers	3,966,573	5,508,439	8,975,892	6,068,736
Prompt outreach ratio[2]	94.2%	96.0%	96.1%	94.5%
Order success rate[3]	60.2%	57.8%	54.7%	53.7%

Notes:

(1) Represents the weighted average of the technician retention rate for each month in the period, which is calculated by dividing (i) the number of technicians who have taken orders through our platform in both the previous month and the current month by (ii) the number of technicians taking orders in the previous month.

(2) Calculated by dividing the number of orders where technicians reached out to consumers within ten minutes after they are matched with service orders by the total orders that are successfully matched with technicians in a given period.

(3) Calculated by dividing the number of orders where consumers paid RMB30.0 or above by the total number of orders placed through our platform in a given period. For the purpose of calculating the order success rate, orders where technicians charged consumers an on-site inspection fee of RMB30.0 but did not proceed with repair or maintenance services at the consumer's discretion are considered successful orders. Consumers are informed through our mobile applications when scheduling a service appointment that an on-site inspection fee will be charged if the consumer decides not to proceed with the repair or maintenance services. Since February 2022, we have offered technicians the option to waive the on-site inspection fee to encourage consumers to accept service appointments. This incentive aims to help technicians complete more services and increase their order volume. As a result, orders with the waived on-site inspection fee are included in the total number of orders but not in the count of successful orders. This policy change led to a decrease in our order success rate from 60.2% in 2021 to 57.8% in 2022, and further to 54.7% in 2023 and 53.7% in the six months ended June 30, 2024.

Our Nationwide Service Network

With our in-house developed digital system, *Tiangong* System, and collaboration with a large pool of competent and loyal technicians on our *Woodpecker* platform, we make quality home maintenance and repair services easily accessible to consumers across China. As of June 30, 2024, our services were accessible in over 300 cities in China, including all direct-administered municipalities, provincial capitals, and first- and second-tier cities. Based on the economic status and population size of our operating cities, we have categorized them into four tiers, which are determined by their level of strategic importance to us. We adjust our operating strategies based on each city's strategic significance.

We have over 500 dedicated technician centers in cities where we operate. At these technician centers we supply spare parts and materials to our partner technicians. Through cooperation with experienced technicians, we attract and screen local technicians and conduct skill advancement training in these dedicated spaces. These technician centers help technicians fulfill service orders more effectively and efficiently and foster an interactive and vibrant social community.

During the Track Record Period, we primarily focused on strengthening our market presence in major first- and second-tier cities in China. We intend to continue to expand into new cities, while also improving the penetration in our existing markets. We believe that our full-suite digital system positions us to upscale our operation effectively.

The *Woodpecker* Experience

Our SaaP Model

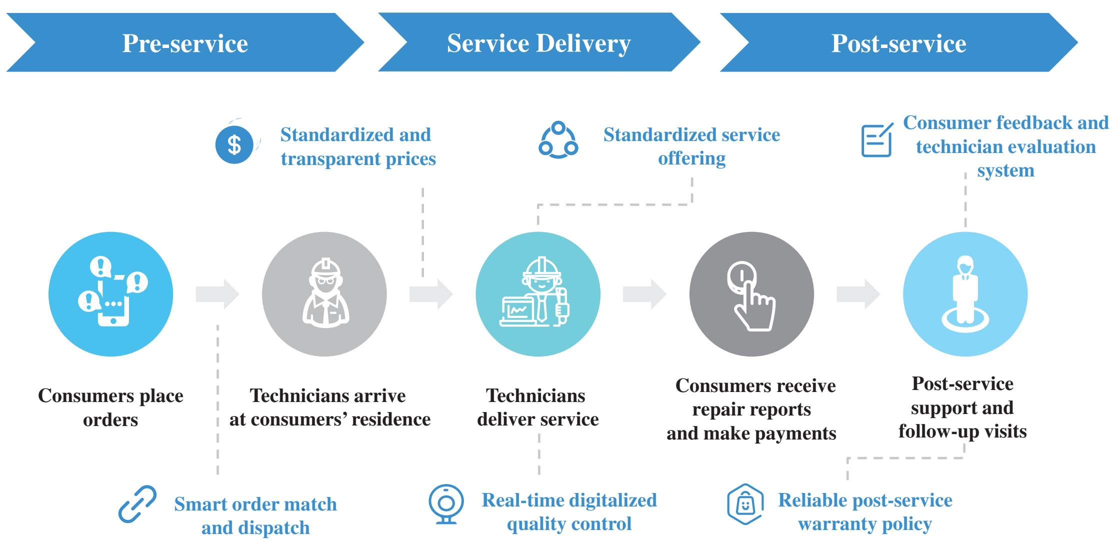
Home maintenance and repair industry has not evolved sufficiently to incorporate standardized practices, resulting in issues such as unfair pricing, delayed services and inefficient delivery, ultimately impacting consumer trust and satisfaction negatively. In response to such fact, leveraging the power of digital transformation, we seamlessly integrate our online and offline operations, shaping a distinctive "Service-as-a-Product" (SaaP) model. Our SaaP model embodies the following characteristics:

- *Standardized service offering.* Unlike traditional service models where service delivery can be inconsistent and inefficient, under our SaaP model, we regard service offering as a product and have formulated standardized processes for major categories of home maintenance and repair services. These processes dissect service workflows into independent modules, spanning pre-service, service delivery, and post-service stages, each defined by precise business standards. See "— Service Delivery: Standardized Service Offering" for more details.

- *Consistent and transparent pricing strategy.* We consider factors such as service level, features, and consumer demand when developing a pricing strategy that is both fair and competitive. The exact presence of service process dissection and standardization enables our developing of consistent and transparent pricing strategy, which forms an essential part of our SaaP model.

- *Digital infrastructure support.* Under our SaaP model, we have developed a digital infrastructure and systems that enable intelligent tracking of service execution and allow for the accumulation of massive business data. Leveraging our AI algorithms, such data insights in turn enable us to continue to improve service workflows and modules, creating a reinforcing cycle of data accumulation and service quality enhancement.

The following chart illustrates the standardized service workflow of home maintenance and repair services completed through our platform, spanning pre-service, service delivery, and post-service stages.



Our SaaP model modularizes complex, non-standard home repair and maintenance processes into manageable, standardized products. It offers the following key competitive benefits:

- *Ensuring consistency in service quality.* Standardized procedures and protocols require our partner technicians to follow predetermined guidelines and best practices. Our consumers can expect a consistent level of expertise and professionalism, regardless of which technician is assigned to their order. This consistency in service quality is vital in maintaining consumer satisfaction and trust.

- *Improving service efficiency and productivity.* Technicians can work more efficiently and effectively when they have clear, standardized workflows to follow. This efficiency translates to faster service delivery and the ability to serve more consumers in a given timeframe.

- *Pricing transparency.* In a traditional service model, pricing can be subjective and opaque. Our SaaP model breaks down the service into distinct, modular components. Each module has predefined prices and contributes to a fair and transparent overall pricing structure. Consumers can clearly understand the breakdown of pricing and any additional charges.

- *Continuous iteration*. By organically decoupling the service processes, our SaaP model enables efficient iteration, continuous refinement, and upgrades to product capabilities.

- *Achieving business scalability.* A standardized approach makes it easier to scale our business. As more technicians join our *Woodpecker* platform, having established service processes allows for easier expansion into new markets or regions, while maintaining consistent quality.

Pre-service: Clear Expectation

We aim to offer consumers clarity and insight into service procedures and scope, empowering them to make informed decisions before placing an order.

Smooth Service Initiation

Our service initiation process is designed to be smooth, efficient, and consumer-friendly. Consumers have multiple channels available to place orders, including our *Woodpecker* Consumer App, WeChat mini-app, live chat on our websites, toll-free phone calls, as well as aggregation platforms that we collaborate with. The standardized home maintenance and repair services available to consumers on our platform are same no matter the service orders are placed through our own channels or aggregation platforms. For more details of our collaboration with aggregation platforms, see "— Our Woodpecker Platform — Our Collaboration with Aggregation Platforms."

Woodpecker Consumer App

WeChat mini-app

Other aggregation platforms

Live chat on our website

Smart Order Matching

Our smart order matching systems are designed to assign the right technician with the right skills to the right job. Once an order is received, our smart order matching systems match the order with a technician whose skill set, availability and geographic proximity best align with the specific service needs, ensuring timely and efficient service delivery. Our smart order matching systems operate as follows:

- *Technician labeling system.* Traditionally, matching service requests with the right maintenance and repair technician has been a challenging task. The industry encompasses a diverse range of service categories, covering a broad array of appliances and facilities, with each technician possessing a specific set of skills within this spectrum. Additionally, determining technicians' availability is complex, especially given the extended service times often required for maintenance and repair tasks. To address these issues, we have implemented a sophisticated technician labeling system. Technicians on our platform are labeled based on comprehensive criteria, including their full range of skills, real-time availability, and geographic location. Through this systematic tagging, we ensure that service orders are efficiently assigned to technicians with the appropriate skillset and availability.

- *Grid-based order dispatch system.* We employ a grid-based order dispatch system, subdividing each key operating city into dynamic dispatch grids, taking into account factors such as existing market competition and potential consumer base of relevant regions. Technicians are assigned to the grid closest to their location, and receive orders primarily from this area. This approach enables them to consistently handle orders within close proximity. Additionally, they may assist nearby grids during periods of high demand. Our grid-based strategy optimizes resource allocation, enhances response time, streamlines service efficiency, reduces technicians' idle time, and increases their earnings. As our business grows in a city, we expect to divide our dispatch grids into smaller segments, which further improves efficiency.

Our grid-based order dispatch system first identifies a small pool of suitable technicians based on, among others, their location, availability and skill set. Orders are then dispatched to technicians on a priority considering factors such as consumer ratings, order success rate and daily service time on our platform. Once the assigned technician confirms receipt of the order through our platform, they promptly reach out to the consumer to establish a mutually convenient appointment time for on-site visit. We believe this dispatching strategy encourages technicians to improve their service quality and enhance their loyalty to our platform. The average lead time, representing the average amount of time taken from consumer placing an order to the technician's arrival, amounted to 2.6 hours in the six months ended June 30, 2024.

- *Hybrid order matching system*. We have been exploring new order matching mechanisms to offer partner technicians more options in receiving service orders and thereby enhance the fulfillment of service orders. We began our trial operation of *TrustKeepers* (言而有信), a separate order matching system that complements our grid-based order dispatch system, in April 2024 and officially launched in in July 2024. When consumer service orders fall outside our dynamic dispatch grids or involve less common service categories, they are routed to the *TrustKeepers* system for technician matching. This system employs two methods to find suitable technicians for service orders: automatic dispatch, which shares criteria with our grid-based dispatch system, and order-grabbing, where the first technician to respond can take the order, pending the consumer's agreement after the technician's on-site inspection and fee quote. As of the Latest Practicable Date, *TrustKeeper* is still at a preliminary operation stage and we expect it to further scale up and evolve based on technicians' and consumers' demand. We follow the same onboarding and qualification verification process for technicians registered on our TrustKeepers Technician App. We may further develop new features or models within the *TrustKeepers* system to expand our technician network and retain them on our platform.

During the Track Record Period, we consistently enhanced our efficiency in order matching. We assess this efficiency using the prompt outreach ratio, calculated by dividing the number of orders where technicians reached out to consumers within ten minutes after order pickup by the total orders picked up by technicians in a given period. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our prompt outreach ratio was 94.2%, 96.0%, 96.1%, and 94.5% respectively, presenting a growing trend.

Transparent Pricing

When consumers place service orders, they select service offerings available on our platform based on the issue they can identify. The listed prices displayed on our website, *Woodpecker* Consumer App and WeChat mini-app represent minimum prices for each service type, assuming the most basic and typical issues to repair. These prices are provided to consumers for reference only and subject to adjustments based on technicians' on-site inspections.

Upon arrival at the consumer's residence, our partner technician inspects the home appliances or facilities to diagnose issues causing the malfunction and proposes maintenance or repair solutions. For major categories of repair and maintenance services, technicians can input the information relating to the malfunctions identified on site into the *Woodpecker* Technician App. Based on these information, our pricing calculator using data-informed formulas can generate a price quote for the service order taking into consideration the technician's service fee, the cost of spare parts and materials for repairs, and the information technology service fee we charge for our platform services. This price quote, once confirmed by the consumer, becomes the final price for the order and may not be changed by the technician. The technician is not allowed to charge additional fees claiming unexpected complexities, ensuring transparency and eliminating hidden costs or surprises for the consumer. If the consumer declines the price quote generated by our pricing calculator, the technician will not proceed to perform maintenance and repair services and has the option to charge an on-site inspection fee of RMB30.0.

For some services that usually involve minimal complexity, such as home appliance cleaning and pipe unclogging, the pricing calculator on our *Woodpecker* Consumer App can provide consumers with an estimate price before they place a service order. Technicians may not change this price unless the consumer provides incorrect specifications of the home appliance or facility which have made the quoted price inaccurate. Screenshots illustrating the *Woodpecker* pricing calculator on *Woodpecker* Consumer App are set forth below.

Woodpecker pricing calculator:
pricing transparency promise

Woodpecker pricing calculator:
upfront fee estimate

For certain types of services that are less commonly needed by consumer households, such as the repair of sweeping robots, digital cameras, smart watches, treadmills, coffee machines, disinfection cabinets, massage chairs, and projectors, and elderly-friendly home modifications, our platform provides a reference price that both consumers and technicians can note. This reference price is also broken down by service item, offering transparency to extent possible.

We charge technicians information technology service fees based on a percentage of the final order price. We offer technicians discounts on our information technology service fees based on many factors, including time span of working as a partner technician on our platform, punctual on-site services, and consumers' feedback on their service quality. Our pricing strategy is designed to achieve both fairness and competitiveness in the market. Taking a data-driven approach, we aim to continuously refine and adapt our pricing structure by closely monitoring the demand and supply on our platform evaluating consumer feedback, and maintaining satisfactory order acceptance rates.

Service Delivery: Standardized Service Offering

We implement an online-offline integrated approach in performing home maintenance and repair services.

Service Execution

Once a quote is accepted, technicians then proceed to carry out the task in accordance with our established SOP. These procedures are easily accessible through our *Woodpecker* Technician App. Our SOP outlines step-by-step instructions, safety protocols, quality standards and best practices, ensuring a consistent, predictable and reliable service experience for our consumers. For example, technicians follow our SOP for cleaning air conditioners to: (i) move the air conditioner by avoiding scratching the floor or causing damage to the appliance, (ii) clean the area where the appliance is moved, (iii) clean the air conditioner, (iv) inspect and wipe the surface dust off the air conditioner drainage pipe and clean the air conditioner filter, (v) carefully reset the air conditioner, (vi) take away the cleaning trash upon completion. Our SOP also requires technicians to wear uniforms and use shoe covers when providing services at consumers' residences. We believe such requirements help communicate our brand identity and build consumer trust on our platform. The following graphs illustrate the uniforms and tool kit we offer to technicians for delivering services at consumers' residence.

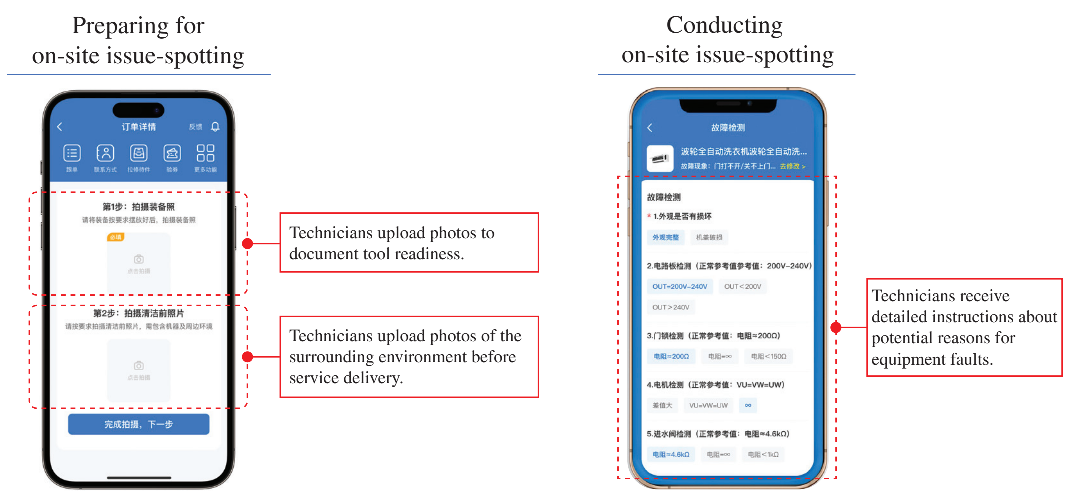
Our work uniforms

Shoe covers

Our standard tool kit

To ensure service quality, we have implemented an intelligent service alert system. We require technicians to upload photos and record audio during their services, creating a record of the service process. Our AI-powered monitoring and alerting tools detect anomalies in these photos and recordings, identifying deviations from pre-determined norms. Upon service completion, these photos and recordings are automatically uploaded to our server. Authorized consumer service representatives can access them in case of emergencies or disputes, and they may be submitted to public security authorities when necessary.

Screenshots illustrating the SOP on our *Woodpecker* Technician App are set forth below.



Workflow Digitalization

We have decoupled different types of services into multiple organic modules. As our partner technician progresses through the service, they record critical steps and details on the *Woodpecker* Technician App, which sync up with our backend digital system. This digital integration serves as a real-time quality check, ensuring that key aspects of the service adhere to our rigorous standards. It also enables consumers to monitor the progress of the task in real time.

Post-service: Systematic Quality Assurance

Providing excellent consumer service is a high priority for our platform and is the key to building a loyal consumer base. We have a dedicated team of consumer service representatives with whom consumers can communicate directly through our *Woodpecker* Consumer App and consumer service hotline. We train our consumer service representatives to efficiently respond to consumer inquiries and promptly resolve consumer concerns. We utilize feedback from consumers and technicians to continuously enhance our SOPs.

Consumer Feedback Mechanism

Consumer feedback provides us invaluable insights into the consumer experience such that we are able to make data-driven business decisions and optimizations based on real-life consumer needs. We adopt a standardized framework for service evaluation and enhancement after a task is performed by technician. We actively encourage consumers to provide their feedback on our partner technicians' service through various channels, such as our *Woodpecker* Consumer App and consumer service hotline.

We may also conduct random follow-up visits or assessments of service quality. In addition, we proactively solicit feedback periodically. This direct line of communication ensures that the voices of consumers on our *Woodpecker* platform are heard, and their insights are valued.

We have adopted complaint handling policies and procedures and have dedicated personnel to handle consumers' inquiries and complaints. Consumers can submit an inquiry or complaint through our *Woodpecker* Consumer App, WeChat mini-app, live chat on websites or by calling our service hotline. To address consumers' complaints in a prompt and efficient manner, we divide complaints into several categories, such as price-related matters, responsiveness to service orders, skills and service quality, use and dealing of spare parts and materials, as well as etiquette, and establish specific handling procedures for each category. For complaints regarding technicians' responsiveness to service orders, our system will make automated calls to notify technicians of such complaints and follow up on their actions. For price-related complaints, our personnel will check the fees requested by technicians with our price standards, and if overcharging is found, the excess part of consumers' payments will be returned. For complaints related to technicians' skills or service quality, our personnel will contact technicians to understand the issues and arrange maintenance and repair services for the second time if necessary. In 2021, 2022 and 2023, and the six months ended June 30, 2024, we received approximately 207 thousand, 239 thousand, 442 thousand and 453 thousand complaints from transacting consumers, respectively. We did not experience any material legal or other consequences in connection with such complaints. During the Track Record Period, a majority of complaints we received were related to price or responsiveness to service orders, and there was no complaint from consumers due to the lack of specific qualification by our partner technicians.

Pursuant to our standard agreement with consumers, technicians are the party to provide home maintenance and repair services to consumers and are responsible for property damage caused by their services. We may compensate consumers to settle certain complaints relating to property damages caused by our partner technicians during their services based on the circumstances in each case. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the amount of compensation we paid in relation to consumer complaints was approximately RMB58 thousand, RMB348 thousand, RMB586 thousand and RMB343 thousand, respectively.

Technician Performance Evaluation

We have a comprehensive technician evaluation system. Direct consumer feedback plays a pivotal role in technician evaluation. In addition, we measure and monitor the performance of individual technicians based on KPIs recorded on our platforms. As key elements of task execution are documented within the *Woodpecker* Technician App, our system automatically detects any deviations from established standards and offers technicians constructive feedback for improvement. To acknowledge and incentivize high-performing technicians, we offer them additional incentives, such as bonuses and priority in receiving orders, if they are appraised in consumers' reviews or generate additional orders. For details on how we train and manage technicians, see "— Technicians on Our *Woodpecker* Platform." Our technician evaluation system ensures that our partner technicians consistently deliver high-quality services to consumer.

Warranty Policy

Should any issues arise with a technician's work on our *Woodpecker* platform during the warranty period, which consumers can have them resolved at no extra cost upon notifying us. The warranty period varies based on the service categories, typically ranging from a minimum of 90 days, such as for home appliance repair, to a maximum of five years, such as for house maintenance service. The technician initially matched for the job is responsible for rectifying the issues. If the original technician is unavailable, we will promptly assign a replacement technician. In cases where a repair is not commercially practicable or cannot be timely made, consumers may elect to receive a refund. According to CIC, the industry average of refund to consumers ranges from 1.5% to 3.5% of GTV. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our refunds to transacting consumers amounted to approximately RMB13.2 million, RMB24.2 million, RMB40.5 million and RMB28.7 million, respectively, which accounted for 1.3%, 1.7%, 1.6% and 1.8% of our GTV for the same period.

In accordance with our standard agreement with partner technicians, a warranty deposit is collected to fulfill the warranty commitment to consumers. The warranty deposit is collected from each technician upon onboarding and typically ranges from RMB3,000 to RMB20,000, depending on the type of home maintenance and repair services offered by the technician. As of December 31, 2021, 2022 and 2023 and June 30, 2024, the balance of warranty deposits from technicians was RMB41.8 million, RMB71.7 million, RMB113.8 million and RMB142.3 million, respectively. Additionally, we purchase third-party liability insurance on behalf of technicians for all service orders. In the event that technicians are liable for losses they have caused to consumers during service, compensation to consumers can be covered by insurers in accordance with the insurance terms. If the technician's warranty deposit and the insurance coverage are insufficient to cover the requested refund or consumer losses, we will deduct such outstanding amount from the technician's future service fees until the amount is fully paid. In the event that the technicians terminate their cooperation with us before the outstanding amount is fully paid, we will step in to cover the shortfall to maintain consumers' satisfaction with our platform. We believe this approach helps foster repeat business and strengthen our reputation among consumers. During the Track Record Period, there were 118 instances where the warranty deposit and insurance coverage were insufficient for the compensation to consumers, resulting in our assumption of responsibility for a total amount of approximately RMB1,284.9 thousand.

Our Collaboration with Aggregation Platforms

In recent years, aggregation platforms with strong user traffic have gained rising significance in the digital economy by enhancing efficiency and convenience for consumers in accessing services and goods. The home maintenance and repair platforms have also strengthened their collaboration with aggregation platforms, according to CIC. We cooperate with certain major aggregation platforms operating search engines or mobile apps, including Meituan (美團), Baidu (百度) and Toutiao (頭條). We strive to implement a diversified channel strategy and believe that leveraging both aggregation platforms and our own channels will enable us to effectively reach target consumers, while ensuring cost efficiency in sales and marketing.

We collaborate with the aggregation platforms to use two types of their services: (i) traffic acquisition services which can generate sales leads for us, and (ii) platform services which distribute consumers' home maintenance and repair orders on their platforms to us.

Aggregation Platforms' Traffic Acquisition Services

We market our brand and services through major aggregation platforms with an aim to promote our online presence and sell our services to our target consumer groups. The aggregation platforms provide us with various online promotion options, such as displaying our storefront and advertisements, running promotion campaigns, and providing priority listings and push.

We apply various methods to convert the sales leads generated from consumers' views or clicks of our listings or storefront on aggregation platforms. When consumers find our listings or storefront displayed on the aggregation platforms, they can call our toll-free numbers or use the live chat feature on the websites or mobile apps of these platforms to contact our consumer service staff who assist them to place orders on our *Woodpecker* platform. Some aggregation platforms offer application programming interfaces (APIs) which allow our *Woodpecker* platform to receive the information provided by consumers on the aggregation platforms on a real-time basis. These information typically includes the consumer's name, the type of home maintenance or repair services, contact information and address, all of which are necessary for generating a service order. Once our *Woodpecker* platform receives these information either through consumer's communication with our consumer service staff or forms filled out by consumers on the aggregation platforms, it automatically generates service orders. All subsequent service and transaction processes for these orders, including technician matching and dispatch, pricing, service delivery, payments and post-services, are same as those for the orders placed directly on our platform. In 2021, 2022 and 2023, and the six months ended June

30, 2024, the orders fulfilled through our platform that were converted from leads obtained through aggregation platforms' traffic acquisition services accounted for 64.1%, 61.5%, 62.8% and 64.6% of our platform's total GTV, respectively.

We usually enter into online promotion service contracts with aggregation platforms or their agencies. Such contracts typically have a one-year term. The aggregation platform charges service fees based on performance metrics such as the number of impressions (views) or clicks by consumers. We usually deposit an agreed amount into our account with the aggregation platform, intended to be used over the period specified in the contracts. The service fees we paid for aggregation platforms' traffic acquisition services are recorded as selling and marketing expenses in our consolidated statements of profit or loss for the Track Record Period. See "Financial Information — Description of Major Comprehensive Income Line Items — Selling and Marketing Expenses."

Under our contracts with aggregation platforms for their traffic acquisition services, these platforms only provide us with internet information publishing space and related technical services. They have the right to review the content we provide, but this does not imply any legal responsibility on their part.

Aggregation Platforms' Platform Services

We also collaborate with several aggregation platforms to acquire home maintenance and repair orders. Many of these platforms connect consumers with diverse local life service providers, including home maintenance and repair platforms like ours, and facilitate transactions between consumers and service providers without directly managing service delivery. Consumers can place service orders on these aggregation platforms, and the order information is then sent to our *Woodpecker* platform. We also receive orders from certain aggregation platforms who acquire orders from other internet platforms but lack sufficient service capacity to complete all of such orders. According to CIC, this is a common practice in the home maintenance and repair industry.

Once our *Woodpecker* platform receives the service orders that are placed through the aggregation platforms, it matches and dispatches suitable technicians for the orders, and the pricing and service delivery must adhere to the standards and processes of our *Woodpecker* platform. When technicians complete the home maintenance or repair services for the orders, the consumers make payments to either the aggregation platforms or us, depending on the settlement clauses in our contracts with the aggregation platforms. If the order payments are made to the aggregation platforms, they typically settle with us within 90 days after deducting their commission. Conversely, if we receive the payments for service orders, we then pay the commission to the aggregation platforms. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the orders fulfilled through our platform that were received from the aggregation platforms accounted for 10.9%, 6.1%, 3.7% and 2.3% of our platform's total GTV, respectively.

We usually enter into a one- or two-year service contract with aggregation platforms which can be renewed based on both parties' agreement. The aggregation platforms charge us commission on each order that they send to us, ranging from 6% to 10% of the service order amount. Such commission is recorded as cost of services and sales in our consolidated statements of profit or loss for the Track Record Period. See "Financial Information — Description of Major Comprehensive Income Line Items — Cost of Services and Sales." Under the service agreement for such platform services, we are responsible for managing service delivery for the orders, and must display service offerings, respond to consumers' inquiries, and provide after-sales service in our own name. We are accountable for any violations of laws and relations, breaches of commitments to consumers, as well as handling consumer complaints or claims during the provision of services.

Aggregation Platforms

In 2021, 2022 and 2023, and the six months ended June 30, 2024, the orders, which were converted from leads generated from traffic acquisition services provided by the five largest aggregation platforms in each year/period during the Track Record Period, aggregately accounted for approximately 59.2%, 56.5%, 57.7% and 59.2% of our platform's total GTV, respectively; and the orders converted from leads generated from the largest aggregation platform contributed approximately 24.3%, 23.3%, 24.6% and 22.3% of our platform's total GTV, respectively. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the orders, which we received from the five largest aggregations platforms for platform services in each year/period during the Track Record Period, aggregately accounted for approximately 8.6%, 4.8%, 2.7% and 1.5%, respectively. Our Directors consider that such supplier concentration is not uncommon in home maintenance and repair industry in the PRC and our business model is sustainable after having considered the following factors:

(i) According to CIC, in terms of online advertising and promotion revenue, the top five internet enterprises occupied approximately 80% of the market share in the advertising industry in the PRC in 2023 and it is not uncommon for online home maintenance and repair service providers in the PRC to use advertising space and promotion campaigns for placement of mobile or online ads from a few operators of internet platforms;

(ii) We strategically focus on establishing business relationship with top aggregation platform partners which operate leading search engine platforms, local life services platforms, or short video platforms in the PRC. We believe we will be able to achieve better operational efficiency by focusing our resources on certain leading aggregation platforms, in which our staff may be more familiarized with the procedures in carrying out the ad inventory bidding process and data extraction procedures of specific media platforms; and

(iii) We have maintained a stable and cooperative relationship with aggregation platforms. During the Track Record Period and up to the Latest Practicable Date, there was no termination or material adverse change of our business relationship with them and there has been no material change in our contract terms with them.

TECHNICIANS ON OUR *WOODPECKER* PLATFORM

Our success hinges on a large and growing pool of competent and loyal technicians. In 2021, 2022 and 2023, and the six months ended June 30, 2024, approximately 24,936, 41,707, 67,045 technicians and 71,143, respectively, had registered with our *Woodpecker* platform. The average monthly active technicians on our platform increased by 62.8% from 7,092 in 2021 to 11,546 in 2022, and further increased by 65.5% to 19,105 in 2023, and by 41.2% to 26,968 in the six months ended June 30, 2024. Our partner technicians are among the ambassadors to our brand, and play an instrumental role in delivering consistent and trustworthy services for our consumers. To achieve this, we have implemented a comprehensive system that recruits, trains, evaluates and empowers technicians.

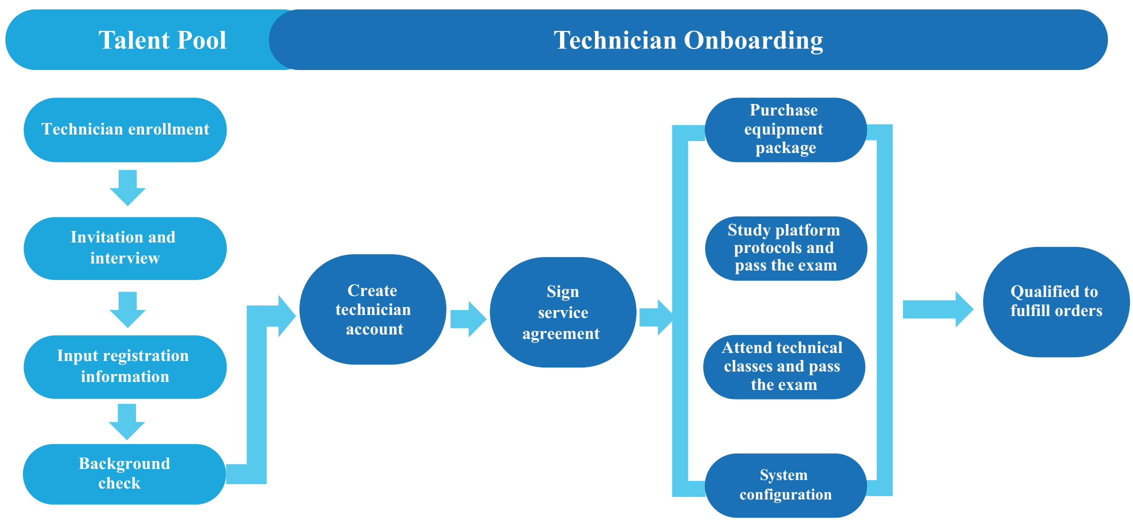
Technician Acquisition

We use a multifaceted strategy to attract technicians who are qualified and align with our commitment to consumer experience to join our platform. By offering free training and a steady stream of orders, we provide an attractive proposition for technicians looking to advance their skills and secure stable income. Through referral and mentorship programs, we not only incentivize our existing technicians to actively participate in the recruitment and training of new joiners but also create a collegial environment that appeals to potential technicians. We also leverage livestreaming and other forms of live interaction on social platforms to showcase our company culture, strengths, and opportunities for growth, capturing the interest of technicians and enticing them to join our platform. Additionally, we have forged strategic partnership with a vocational school, allowing us to tap into a pool of talent who have received specialized training. We adapt our technician acquisition plans to align with our strategic objectives, which includes focused recruitment efforts in particular geographical areas or service categories.

We have in place an assessment mechanism when accepting new technicians to our platform. We verify a technician's documentation before the technician could register with our platform. We scrutinize candidates' technical skills to determine if they meet our stringent standards. To protect the safety of our consumers, new technicians undergo thorough safety and credit background checks. We purchase insurance on behalf of technicians to cover risks of personal injury to them or consumers, as well as property damage incurred by consumers during order fulfillment.

Technician Onboarding and Qualification Process

We employ a screening process to accept technicians to our platform. Before starting their services through our platform, technicians must agree to follow our platform rules, and sign our standard agreement. We conduct in-person interviews with technician candidates to make sure they have necessary technical skills and basic communication skills. Additionally, technicians must pass our background checks through third-party agencies to verify submitted documents and ensure they have no record of criminal or dishonest activities. We engage two third-party companies specializing in background checks, which are headquartered in Shanghai and Hangzhou, Zhejiang Province, respectively, to conduct such verifications. The following flow chart illustrates the process a technician needs to go through before he/she starts to provide home maintenance and repair services via our *Woodpecker* platform.



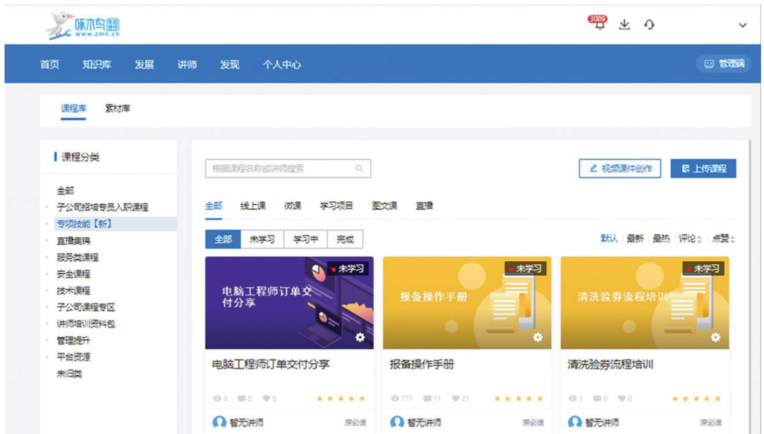
Technician Training and Evaluation

We provide extensive online and offline training programs to equip our partner technicians with the necessary skills for home maintenance and repair. These programs cover technical expertise as well as soft skills, enhancing overall service capabilities. We provide a mentorship program where seasoned technicians are paired with newcomers to help them acquire the requisite skills before commencing service, fostering a culture of knowledge sharing within the technician community. We provide these training programs for free and any of our partner technician with equipment package can access or attend such programs. We encourage experienced technicians to offer training to their newer counterparts, and offer incentives to recognize and reward their valuable contributions. Our digitalized training system provided over 87,000 technicians with access to more than 4,900 online courses and learning materials as of June 30, 2024. Our trainings consist of the following aspects for a technician to competently fulfill orders on our *Woodpecker* platform:

- training on platform rules, including training on our SOPs, service standards and safety protocols, to ensure implementation of our policies;

- technical skill training, covering disassembly, diagnosis and repair skills; and
- training on communication, sales and other soft skills.

On-demand online training programs encompassing a wide range of topics



Offline workshops providing technicians with hands-on experience working on actual equipment

We are dedicated to improving the quality of services provided by our partner technicians. Through information collected on our platform, we track critical service junctures on a real-time basis to enhance consistency and reliability. Our system is able to evaluable the services of our partner technicians comprehensively based on numerous factors, such as consumers' feedback relating to their services, prompt outreach ratio, order success rate and service quality.

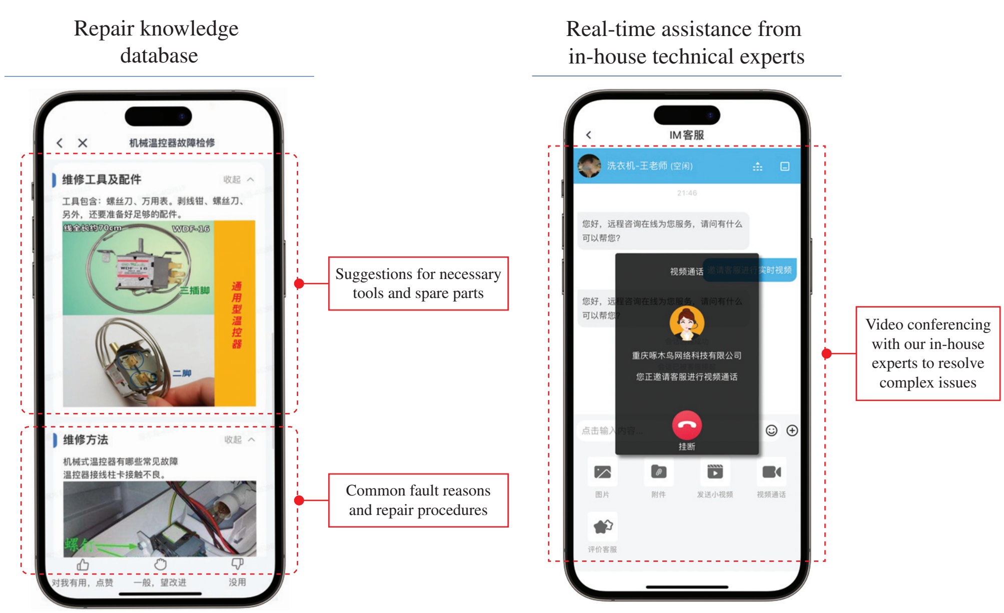
In particular, we strictly prohibit technicians from sharing their accounts or subcontracting the assigned orders with third parties. Consumers can access the name and photo of the responsible technician and verify their identification through our mobile app and Wechat mini-app. We also forbid technicians from bypassing our platform and directly dealing with consumers. Technicians do not have access to consumers' actual phone numbers. They communicate with consumers using encrypted phone numbers, so phone calls can only be initiated through our platform. All phone conversations between technicians and consumers are recorded, and AI tools are utilized to automatically detect any irregularities. We advise consumers that they are not eligible for our post-service quality assurance if they and technician bypass our platform to complete the order, and we reward consumers who report technicians attempting to bypass the platform. Penalties are imposed upon technicians found to be in violation, and cooperation may be terminated. Our data analytics system can also identify potential violations by analyzing a technician's transaction records, such as instances where a technician has a high order success rate but an abnormally low average order price.

In addition, we impose in our terms of use a general obligation on technicians to comply with all applicable laws and regulations when performing services through our platform. Where violations of laws and regulations by technicians come to our knowledge through consumer complaints or otherwise, we take further actions to prevent future occurrence of similar behavior, such as making push notifications on our mobile applications to highlight the risks and penalties associated with the behavior violating laws or regulations.

Technician Empowerment

We attach great importance to making our partner technician's tasks easier and more enjoyable with our *Woodpecker* platform so they can focus on their actual work and servicing consumers.

- *Know-how repertoire and expert assistance.* Through the *Woodpecker* Technician App, technicians have access to repair knowledge database and expertise customized for various service categories and appliance brands. The app also facilitates direct communication with our in-house technical experts, who may provide real-time assistance in resolving challenges. These resources empower the technicians to address a wide range of issues with precision and speed.



- *Streamlined access to quality spare parts.* We centrally procure spare parts and sell them to technicians at competitive prices. This ancillary service provides technicians with expedited access to high-quality spare parts and ensures a uniform standard of quality for the parts provided to consumers, ultimately boosting overall work efficiency and service quality.

- *Motivation fueled by technician evaluation system.* To acknowledge and incentivize high-performing technicians, we offer additional incentives and prioritize order dispatch for them.

- *Opportunities for career growth.* We provide technicians with opportunities for career growth that are not typically found in the industry. We select top-tier technicians as in-house trainers. We may also bring on technicians with leadership potential to take on managerial roles in our regional branches, leveraging their local insights and expertise to drive the continued growth and success of our operations.

Through a range of initiatives, we empower our partner technicians to enhance their service capabilities, work more efficiently and enjoy stable and dignified income. Technicians on our *Woodpecker* platform enjoy a sense of ownership in their work and exhibit strong loyalty to our platform.

For technicians who have developed strong leadership benefitting from our technician empowerment system, we offer them the opportunity to join us as our employees and manage frontline operations in local markets, opening up career advancement options rarely found in this traditional industry. During the Track Record Period, approximately 200 platform technicians were invited to join us as full-time employees and approximately 67 remained employed with us as of June 30, 2024. Our approach has fostered a strong sense of loyalty among technicians to our platform and contributed to our consistent service quality.

Key Arrangements with Technicians

We facilitate transactions between our partner technicians and consumers. We consider the technicians on our platform are not our employees, but our customers. For risks related to the status of our partner technicians, see "Risk Factors — Risks Relating to Our Business and Industry — There could be adverse legal, tax and other consequences if technicians who fulfill orders placed by consumers online were to be classified as our employees or dispatched employees."

We require technicians to accept our terms and conditions for technicians before we accept them to our platform. The following sets forth a summary of material terms of the standard agreement we enter into with our partner technicians.

Key Terms	Description
Duration	The agreement between us and technicians does not have a specified duration. The agreement remains valid unless technicians submit a termination request through the *Woodpecker* Technician App.
Services offered	We will provide technicians platform services including (i) design, production and promotion of service marketing materials, (ii) order management, consumer contact system, and other operational support, (iii) service order information notification, and (iv) other platform services.
Onboarding	Technicians must meet eligibility criteria and provide us with the materials required for registering on our platform before they can fulfill orders through our platform. Technicians must represent to us the materials they provide are true, accurate, complete, legal and remain valid. We engage third-party companies to verify the authenticity of technicians' information upon their authorization. We have the right to refuse to partner with technicians who decline the background research.
Necessary Equipment	Technicians need to prepare the tools needed in their services on their own.
User Account	The accounts of technicians can only be used by technicians themselves and may not be assigned to others. We have the right to take the necessary actions to restrict or block the accounts if any violation of the standard agreement or our protocols.
Service Quality	If consumers on our platform suffer damage caused by the technicians, such technician is responsible for the damage. Technicians shall assure the quality of their services and shall revisit the order when necessary. If certain technician refuses to do so, we have the right to partner with other technicians to assist, and the relevant cost incurred will be borne by the original technician.

Key Terms	Description
Settlement of Service Fees	Technicians authorize us to collect their service fees paid by consumers and these fees are deposited in a designated account with a PRC licensed commercial bank to facilitate the settlement between technicians and us. The settlement of service fees with technicians occurs, after deducting the information technology service fees that we charge technicians and other service fees payable to third parties, if applicable. We charge technicians information technology service fees for facilitating their transactions with consumers, and deduct such fees from consumers' payments for their orders. Typically, the information technology service fee constitutes 35% to 40% of the order price. Under our standard agreement with technicians, we inform technicians that we will charge them information technology service fees but the exact amount of such fees is not confirmed before accepting an order. In practice, the exact amount of information technology service fees retained by us is determined by various factors including (i) the type of home maintenance and repair services, (ii) the discounts on our service fees and subsidies that we offer to technicians on our platform, (iii) consumers' spending power in the local markets, and (iv) seasonal fluctuations in consumer demand for specific services. We also offer subsidies on long-distance orders or orders scheduled to inconvenient time. Other than the information technology service fees, there are no rebates or commission to be paid by partner technicians to us. Technicians acknowledge that the transfer of funds, after deducting our information technology service fees, from the designated bank account which collects consumers' payments to their personal accounts represents the settlement of service fees paid by consumers, and such transfer of fund does not constitute any form of salaries.

Key Terms	Description
Warranty Deposit	Technicians are required to pay us a certain amount of warranty deposits, subject to the category of the home maintenance and repair services.
Liability	Technicians are solely responsible for all liabilities arising in the course of providing home maintenance and repair services, including but not limited to all safety incidents, personal and property damages to themselves, consumers or other third parties.
Insurance	Technicians agree to authorize us to purchase insurance for each order they undertake on their behalf. We contract with third-party insurers directly and pay insurance premiums for technicians in advance. These premiums, corresponding to the orders the technician fulfills, will be subtracted from their entitled service fees during the weekly settlements between technicians and us.
Assignment	Technicians may not re-commission, hire, and otherwise have a third-party lead, assist, or participate in the home maintenance and repair services they are supposed to provide.
Termination	We have the right to terminate the agreement if technicians fail to (i) comply with our protocols or relevant laws and regulations, engage in improper conducts, or provide services consistent with quality standard, (ii) provide services via us for more than 30 days, (iii) provide true personal information, or (iv) pay us for the information technology service we provide after our notification.

Consumers utilizing our platform typically make payments through online payment processors. Since service providers may not refuse cash payments under PRC laws, technicians may receive cash paid by consumers in rare circumstances. In such instances, we require technicians to promptly deposit the amount into the designated bank account within 24 hours. If they fail to do so, we will deduct the order amount from their warranty deposits or their service fees which have not been settled with us. As a result, we did not have any material amount due from technicians arising out of cash payments by consumers, and did not make any provision for such receivables from technicians.

Our Relationship with Technicians

Labor-related Relationship between Technicians and Our Platform

We believe partner technicians on our platform are our customers rather than employees or dispatched employees, given the following considerations:

(a) *No consensus exists between technicians and us to establish an employment or labor relationship.* When determining the existence of a labor or employment relationship, the PRC judicial authorities typically first examine whether there is a consensus between the parties to establish such relationship. We enter into standard agreements with technicians as part of our onboarding procedures. Pursuant to the terms and conditions of such agreements, technicians acknowledge that (i) we only provide them with platform services through which they obtain home maintenance and repair order information, (ii) they do not have any manifestation of intent to enter into an employment contract with us, and (iii) the relationship between technicians and us will be governed by the PRC Civil Code rather than the PRC Labor Law, the PRC Labor Contract Law, or other laws and regulations. These acknowledgements indicate that technicians are fully aware of the nature of their relationship with our platform, and they and our platform do not reach a consensus to establish an employment or labor relationship. To avoid consumers' misunderstandings that partner technicians are our employees or subcontractors, we enter into standard user agreements with consumers when they register on our platform or receive home maintenance and repair services performed by our partner technicians. By agreeing to our standard user agreement, consumers acknowledge that they understand there is no employment nor labor relationship between the technicians and us. In addition, it is the technicians who directly enter into service agreements with consumers through their de facto actions. According to the PRC Civil Code, agreements can be made in written, oral, or other forms unless otherwise specified by law, administrative regulations, or mutual agreement. If a written form is required and the parties fail to comply, the agreement is still valid if one party has performed its principal obligation and the other has accepted it. Thus, even without a written agreement, partner technicians enter into service agreements with consumers for home maintenance and repair projects when they visit the consumer's residence and perform the services.

(b) *Our relationship with technicians differs from an employment or labor relationship.* Pursuant to the Notice on Deciding the Existence of Labor Relationship (《關於確立勞動關係有關事項的通知》) issued by the Ministry of Labor and Social Security on May 25, 2005, if an employment agreement in writing is not entered into by an employer and a worker, an employment relationship may be deemed to exist if all of the following three conditions are satisfied: (i) both the employer and the worker are legally qualified to establish labor or employment relationship in accordance with laws and regulations; (ii) the worker is required to abide by the employer's rules and policies with respect to his or her work, is subject to the employer's management over the manner and means of conducting his or her work, and is engaged in the work which the employer arranges him or her to do and pays for such work; and (iii) the work is within the scope of the employer's ordinary businesses. Our relationship with technicians does not satisfy these criteria based on the reasons that: (i) technicians have broad autonomy, such as making decision to accept or reject orders dispatched through our platform, deciding their own working hours or and managing the amount of orders to fulfill; (ii) technicians use our platform to obtain home maintenance and repair service orders and earn service fees paid by consumers, rather than receiving remuneration from us; (iii) technicians using our platform are not subject to our policies, disciplines and measures that we require our employees to comply with, and (iv) our principal business is to facilitate transactions through internet by matching the consumers' orders with competent technicians, and we do not provide home maintenance and repair services.

(c) *Our relationship with technicians constitutes a new form of employment recognized by PRC regulators and aligns with the prevailing practices of online platforms in China.* Pursuant to the Guidance on Protecting the Rights and Interests of Workers under New Forms of Employment (《關於維護新就業形態勞動者勞動保障權益的指導意見》), which was jointly promulgated by the Ministry of Human Resources and Social Security, the NDRC, the MOT, together with other government authorities on July 16, 2021, the rights and obligation of the individuals using online platforms to operate their own businesses or engage in freelance work in their dealings with the online platforms are governed by civil laws. Therefore, we are of the view that the legal relationship between technicians and us should be construed in accordance with civil laws and regulations and this does not conflict with labor-related regulations promulgated by PRC governmental authorities. According to CIC, the rise of online platforms in China has catalyzed the gig work phenomenon, characterized by flexible relationships between online platforms and the independent workers, and our relationship with technicians aligns with the prevailing practices of other major online platforms in China, where workers utilize platform services.

(d) *Our view to our relationship with technicians is consistent with a number of courts' and arbitration commissions' decisions that ruled against the existence of an employment relationship between technicians and us.* Pursuant to the Opinion of the Supreme People's Court on Judicial Services and Protection for Employment (《最高人民法院關於為穩定就業提供司法服務和保障的意見》) issued on December 26, 2022, the courts may consider the following factors when determining the existence of labor relationships in new forms of employment in accordance with the laws: (i) the worker's autonomy over working hours and workload, (ii) the degree of employer's management and control over the work process, and (iii) whether the worker is required to abide by rules relating to their work. During the Track Record Period and up to the date of this Document, in 10 out of 14 cases concerning the existence of employment or labor relationship between the technicians and us, the courts and arbitration commissions ruled against the existence of an employment or labor relationship between technicians and us. These decisions and awards were made on the ground that: (i) there is no consensus in the standard agreement entered into by technicians and us to establish an employment or labor relationship; (ii) we do not exert management or control over technicians, as technicians are not bound by fixed working schedules or other employee obligations; and (iii) technicians do not rely on us for their livelihood, as they are paid by consumers rather than receiving stable wages from us.

Based on the above, our PRC legal Advisor is of the view that the risk that partner technicians on our platform will be deemed as our employees or dispatched employees is remote. However, there can be no assurance that the PRC regulatory authorities, labor dispute arbitration commissions or courts will not take a view contrary to or different from our and our PRC Legal Advisor's opinion stated above. During the Track Record Period and up to the Latest Practicable Date, courts and labor arbitration commissions in Fuzhou, Suzhou and Nanjing ruled in four cases that technicians involved in those cases were our employees based on case-specific details. In this four cases, courts and arbitration commissions considered our requirements for technicians to attend training and wear work uniforms, our arrangements to acquire insurance policies for technicians, our pricing standards and settlement procedures for service fees, and the prohibition on bypassing our *Woodpecker* platform as measures to exert management over technicians. If the PRC regulatory authorities, labor dispute arbitration commissions or courts decide technicians who use our platform are our employees, we may be required to fulfill obligations as an employer, including, among others, making social insurance and housing provident funds contribution or bear tort liability for any losses caused by partner technicians when performing home maintenance and repair service. This could significantly increase our labor-related or operational costs and adversely affect our financial condition and results of operations. For related risks, see "Risk Factors — Risks Relating to Our Business and Industry — There could be adverse legal, tax and other consequences if technicians who fulfill orders placed by consumers online were to be classified as our employees or dispatched employees."

Analysis for Legal Liability of Our Platform relating to Damages or Bodily Injuries Caused by Technicians' Services

Consumers and technicians may suffer property damages or bodily injuries caused by technicians' home maintenance and repair services. According to Article 1191 of the PRC Civil Code ("Article 1191"), an employer is liable for damages caused by an employee performing work assignments. Similarly, if a dispatched employee causes damage during the period of labor dispatch, the employer accepting the labor dispatch is liable. Therefore, if partner technicians are considered our employees or dispatched employees, we would be liable for property damages or bodily injuries caused by them when providing home maintenance and repair services to consumers.

Considering (i) we provide only platform services, rather than home maintenance and repair services, to technicians and consumers, (ii) our standard agreements with consumers and technicians state that we will not be responsible for any disputes or damages that arise during the technicians' services, and (iii) the risk that partner technicians on our platform will be deemed as our employees or dispatched employees is remote, our PRC Legal Advisor has advised that we would not directly bear tort liability for property damages or bodily injuries caused by technicians' services to the same extent as an employer for its employees' work unless technicians are deemed as our employees or dispatched employees under Article 1191. For the analysis on our relationship with technicians, see the section headed "— Our Relationship with Technicians — Labor-related Relationship between Technicians and Our Platform" above.

However, in practice, courts determine the tort liability on a case-by-case basis, taking into account various factors. For example, if courts conclude that damages or injuries occurred partly due to our failure to fulfill our work safety, consumer protection responsibilities, or supervisory duties as a platform operator under applicable laws and regulations, we may be held liable for such damages or injuries based on the degree of our fault. During the Track Record Period, PRC courts held us liable (i) for property damages or bodily injuries caused by technicians in five cases, and (ii) for property damages or bodily injuries suffered by technicians in two cases. These judgments typically stemmed from: (i) courts perceiving the relationship between technicians and us from the consumer's perspective akin to a labor or employment arrangement, which leads consumers to mistakenly believe the technician is our employee or agent, thus ruling that we must compensate the consumers; or (ii) courts ruling that we failed to duly perform our obligations or duties as the platform operator. These seven cases did not, individually or in the aggregate, have a material adverse effect on our business operation or financial results. During the Track Record Period and up to the Latest Practicable Date, save for the aforementioned cases, there were no other litigations which subject us to investigation by the relevant authorities in relation to the safety issues.

In 2021, 2022 and 2023, and the six months ended June 30, 2024, the number of incidents causing technicians' bodily injuries was 413, 645, 1,053 and 580, respectively. Among these incidents, those with recovery cost of up to RMB1,000 accounted for 75.1%, 73.6%, 78.1% and 78.6% and those with recovery cost exceeding RMB10,000 accounted for 6.5%, 11.3%, 5.8%, and 2.4% of the total bodily injury incidents in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively. These incidents did not, individually or in the aggregate, have a material adverse effect on our business operation or financial results during the Track Record Period and up to the Latest Practicable Date.

We will take further measures, from time to time, to (i) further clarify and emphasize to the consumers the independent legal status between the technicians and us, and correct their misunderstanding that technicians are our employees or dispatched employees, and (ii) optimize the procedures to verify technicians' skills or qualifications, to better fulfill our duties as a platform provider. As advised by our PRC Legal Advisor, considering the previous PRC courts' rulings and reasonings, and assuming effective implementation of the above-mentioned measures, the risks of us being held liable by relevant courts for defects on technicians' work or property damage caused by technicians' services, or being held liable to technicians for injuries that occurred to them while fulfilling service orders using our platform would be further mitigated.

Technicians Engaging in Special Operation Work

Backgrounds and Legal Liabilities

Pursuant to the PRC Work Safety Law, personnel working in posts involving special operation work must complete specialized occupational safety training for such work in accordance with applicable laws and regulations, and may not take up such posts until obtaining the required qualifications. The Catalog of Special Operations (《特種作業目錄》) (the "Special Operations Catalog") attached to the Provisions on Training and Evaluation for Safety Skills of Special Operation Workers (《特種作業人員安全技術培訓考核管理規定》) stipulates the list of special operation works and provides detailed definition and descriptions for each of such work. The workers engaged in the special operation work specified in such list must undergo specialized training in safety skills and pass the required tests to obtain a special operation certificate before they can take on such special operation work. The currently-effective categories of special operation work under the Special Operations Catalog include, among others, electrical work, work at height, welding and thermal cutting, operations in coal mines, metal and non-metal mines, oil and natural gas operations. To the best of our knowledge, based on the categories of home maintenance and repair services offered through our platform during the Track Record Period and the customary processes and operations for those services, low-voltage electrical work and work at height are the two special operation work that technicians typically undertake. In rare cases, technicians may be required to obtain the qualifications for installation and repair of large and medium sized refrigeration and air conditioning equipment.

Pursuant to the PRC Work Safety Law, an operational entity will be liable for its special operation personnel's failure to undergo special work safety training and/or taking up their posts without obtaining the required qualification for the special operation work. If an operational entity's special operation personnel engage in special operation work without holding requisite qualifications, the entity may be ordered to rectify such practice within a stipulated period and be imposed a fine of up to RMB100,000. If it fails to make the rectification as requested, it may be ordered to suspend production and business and be imposed a fine ranging from RMB100,000 to RMB200,000. If an operational entity subcontracts projects to entities or individuals lack of the requisite qualifications, such operational entity may be ordered to rectify within a stipulated period and the gains generated from such illegal practice may be confiscated. If such illegal gains exceed RMB100,000, a fine not less than two times the illegal gains but not more than five times the amount may be imposed. If no illegal gains are received by the operational entity or the illegal gains are less than RMB100,000, a fine ranging from RMB100,000 to RMB200,000 may be imposed.

We believe that partner technicians should not be deemed as our special operation personnel under the PRC Work Safety Law, considering (i) we only serve as a platform operator that provides platform services to facilitate the conclusion of the home maintenance and repair service orders by and between consumers and partner technicians, and (ii) the risk that partner technicians on our platform will be deemed as our employees or dispatched employees by relevant government authorities is remote. For a detailed analysis on the labor-related relationship between us and partner technicians, see "— Our Relationship with Technicians — Labor-related Relationship between Technicians and Our Platform."

In addition, we believe that we should not be deemed as contracting the home maintenance or repair projects out to partner technicians under the PRC Work Safety Law. Pursuant to (i) the standard agreement acknowledged and agreed by consumers when they register with our platform or accept the service provided by partner technicians, and (ii) the standard agreement acknowledged and agreed by partner technicians, it is partner technicians who directly enter into the contract for work (承攬) or labor service (勞務) relationship with consumers. Therefore, we believe that no contract for work or labor service relationship with respect to home maintenance or repair projects exists between us and partner technicians.

Based on the above, our PRC Legal Advisor has advised that the risk that we would be decided to violate the PRC Work Safety Law solely on the basis that the special operation work is carried out by partner technicians without appropriate qualifications is remote, considering that (i) we and the partner technicians operate independently, (ii) partner technicians shall not be deemed as our special operation personnel or subcontractor with respect to orders facilitated via our platform, and (iii) during the Track Record Period, we had been subject to administrative penalties for three incidents, representing a minimal portion of the total number of service orders involving low-voltage electrical work and work at height undertaken by technicians on our platform who might not have the requisite certificates.

However, the PRC Work Safety Law also stipulates certain general obligations, such as internet platforms' obligation to establish, improve and implement a responsibility system for occupational safety of relevant workers. Our PRC Legal Advisor has also advised us, there can be no assurance that we would not be determined to violate the PRC Work Safety Law on the basis that we fail to perform such obligations with respect to partner technicians' special operation work without requisite qualifications.

During the Track Record Period and up to the Latest Practicable Date, except for three work safety incidents where certain injuries or damages are caused to technician partners or third parties, we have not been administratively penalized in any other circumstances where partner technicians provide home maintenance or repair services without requisite qualifications. The three work safety incidents took place when the three technicians fulfilled orders facilitated by our platform without requisite qualifications in Hangzhou, Chengdu and Zhengzhou, respectively. The local governmental authorities decided that we violated relevant requirements under the PRC Work Safety Law and imposed us a fine of RMB5,000, RMB15,000, and RMB140,000, respectively.

As of the Latest Practicable Date, to urge partner technicians to obtain requisite qualifications and provide services in compliance with relevant laws and regulations, we have stipulated relevant provisions in our standard agreements entered with the technicians, and also taken several other measures, such as using push notifications via the *Woodpecker* Technician App and offering cash incentives. For details, see "— Technicians on Our Woodpecker

Platform — Technician Onboarding and Qualification Process." Nevertheless, during the Track Record Period, certain technicians without required special operation work certificates engaged in such work to complete the orders facilitated through our platform. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the number of service orders involving low-voltage electrical work and work at height undertaken by technicians on our platform who might not have the requisite certificates was 188,745, 265,312, 230,421 and 142,832, respectively, accounting for 4.4%, 4.4%, 2.3% and 2.2% of the total number of service orders on our platform, respectively, contributing to approximately 5.7%, 5.6%, 3.4% and 3.1% of our total GTV during the respective period, respectively. These incidents did not materially impact our business or results of operations. Except the three incidents where we were subject to fines in an aggregate amount of RMB160,000, during the Track Record Period and as of the Latest Practicable Date, we have not received any other administrative penalties by any government authorities due to partner technician's special operation work without appropriate qualifications.

Internal Control Policies and Procedures Adopted by Us

We have formulated a comprehensive plan to implement stringent internal control policies and procedures to ensure all technicians who engage in special operation work for the orders on our platform possess the requisite certificates, and we expect to fully implement such measures prior to the [**REDACTED**]. Our policies and procedures include:

(i) Order dispatching

- *Special operation of electrical work*. We will set forth requirements in our smart order dispatch system to dispatch orders involving special operation work requiring an electrical work certificate to qualified technicians. Our smart order dispatch system will be able to automatically identify a service order involving electric work requiring an electric work certificate, such as circuit maintenance, engineering or installation, or voltage appliances, based on the service category and descriptions of relevant service orders placed by consumers on our platform. Such orders will be assigned only to technicians who hold a valid electric work certificate.

- *Special operation of work at height*. When a consumer requests home maintenance and repair services through our platform, it is uncertain whether the job will require the technician to work at height as the consumer usually lacks the expertise to make this judgment. We will include checkboxes for consumers to indicate any malfunctions involving exterior wall work on the order form used in our own channels, including *Woodpecker* Consumer App, WeChat mini-app and websites. If consumers confirm in such form that there is malfunctions involving exterior wall work, only technicians with work-at-height certificate will be dispatched for on-site service. If consumers do not provide this information, our smart order dispatch system will initially assign orders without considering the need for a work-at-height certificate. If, upon inspection of the home appliances or facilities, the assigned technician determines work at height is necessary, he will be required to record the situation in the *Woodpecker* Technician App. If this technician possesses a valid certificate for work at height, he will be able to proceed to complete the service order and earn an additional work-at-height service fee ranging from RMB100 to RMB200 for each order. If he does not have the requisite certificate, he will be required to inform the consumer that another qualified technician will be assigned to the job. The consumer will have the option to cancel the order if they do not agree to reschedule. Our system will automatically identify technicians without a work-at-height certificate and will ensure they are not able to charge additional fees for such work.

(ii) Mandatory alerts and notifications

- Technicians without certificate for work at height will receive a forced pop-up alert in the *Woodpecker* Technician App when accepting orders, reminding them that they are strictly prohibited from working at height without a valid certificate of work at height.

- Consumers will receive SMS and WeChat messages that technicians will need to show the consumer requisite qualifications before performing any work at height.

(iii) Post-service inspections

- We will make follow-up calls with randomly selected consumers to inspect the technicians' compliance with our requirements for special work operation certificates.

- If any technician is found to violate our policies regarding qualifications for special operation work, he will receive a warning from our platform, and if such violation is repeated, we will stop dispatching any service order to him.

(iv) Continuous Monitoring and Training

- We will encourage technicians to upload their relevant qualifications through the *Woodpecker* Technician App. If a technician does not do so, our platform will assume he does not possess such qualifications. We will verify the qualifications uploaded by the technicians and assess the technician's skills to ensure his competency in conducting the work in real life.

- Our platform will track the validity dates of certificates to ensure that technicians can renew their certificates in a timely manner and remain qualified to perform work requiring special operation qualifications.

- As part of our regular online and offline training programs, we will provide ongoing training programs which cover the latest safety protocols and regulatory requirements on matters including special operation work.

These measures are part of our commitment to uphold the highest standards of service and safety for consumers and partner technicians alike. Our Directors are of the view that, by implementing the aforementioned internal control measures, we will effectively prevent unqualified technicians taking up special operation of electrical work and work at height and significantly mitigate the risks associated with unqualified technicians performing special operation works, thereby safeguarding the well-being of consumers and technicians and the integrity of our business operations.

Based on the above and considering that as of the Latest Practicable Date, there are neither pending or threatened work safety incidents involving partner technicians' provision of relevant services without the requisite qualifications, nor pending or threatened administrative investigations or penalties with respect thereof, our PRC Legal Advisor is of the view that, once we have fully implemented the above-mentioned remediation measures, the risks that we will be administratively penalized for the home maintenance and repair services performed by technicians without requisite qualifications during the Track Record Period would be relatively low.

OUR COMMITMENT TO SAFETY AND TRUST

The safety of our consumers and technicians is our top priority. We are committed to creating a safe environment during and after each service fulfillment. To promote safety, we have in place the following measures:

- We implement the guidelines set forth in the our Safety Management Production Measures (《安全管理生產辦法》), which dictates stringent standards and procedures to safeguard the service order fulfillment.

- We require new technicians to complete a safety training and pass a safety test before they can take orders on our platform.

- We frequently hold safety education sessions on topics including personal and property safety and anti-fraud awareness for technicians and require them to undergo safety exams. These initiatives not only reinforce their understanding of safety protocols but also equip them with the knowledge and skills necessary to navigate hazardous situations effectively. Besides, we have taken a variety of measures, including using push notifications and offering cash incentives to technicians, to motivate them to obtain the requisite qualifications for special operation work.

- Our front managers at regional branches participate in continuous safety training sessions to enhance their leadership in promoting a culture of safety within their respective domains. We encourage our managers to obtain safety certifications, which helps ensure that those in leadership positions are well-versed in safety protocols and capable of maintaining high safety standards.

- The *Woodpecker* Technician App and Consumer App regularly disseminate safety knowledge to technicians and consumers, such as tips on safe service delivery for technicians, and personal and property safety awareness for consumers. We also use live broadcasts to provide real-time updates and insights to enhance safety awareness across technicians.

- In accordance with our service agreements with partner technicians, we purchase insurance on behalf of technicians to cover risks of personal injury to them or consumers, as well as property damage incurred by consumers during order fulfillment.

- We established systems to monitor, respond and address safety incidents promptly. Technicians are required to report any safety-related incidents promptly, enabling swift intervention and remediation. Furthermore, we have streamlined the process for managing insurance claims, ensuring expedited review and disbursement of compensation to technicians, if applicable. In addition, we have implemented an extensive array of safety protocols and mechanisms, including technician background checks, safety-validated standard operating procedures, technician training and evaluation, consumer feedback and complaint handling mechanisms. See "— Service Delivery: Standardized Service Offering," "— Post-service: Systematic Quality Assurance" and "Technicians on Our *Woodpecker* Platform — Technician Training and Evaluation" for more details.

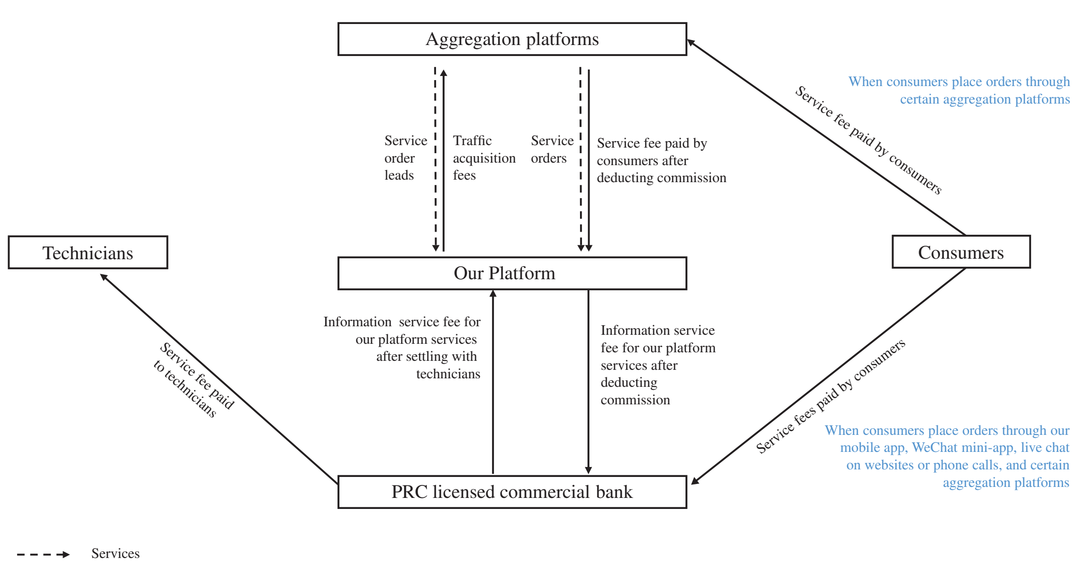
OUR TRANSACTION PROCESS

For our platform services, we act as an agent that facilitates the home maintenance and repair service orders between the technicians and consumers. We generate revenue from charging technicians services fees for matching them with home maintenance and repair service orders placed on our *Woodpecker* platform or through other aggregation platforms.

We collaborate with aggregation platforms, primarily including major search engines mobile apps with robust traffic, to use two types of their services: (i) traffic acquisition services which can generate sales leads for us, and (ii) platform services which distribute consumers' home maintenance and repair orders on their platforms to us. For traffic acquisition services, we usually deposit an agreed amount into our account with the aggregation platform, intended to be used over the period specified in the agreement. For platform services, when our partner technicians complete home maintenance or repair services for the orders, the consumers make payments to either the aggregation platforms or us, depending on the settlement clauses in our contracts with the aggregation platforms. If the order payments are made to the aggregation platforms, they typically settle with us on a monthly basis after deducting their commission. Conversely, if we receive the payments for service orders, we then pay the commission to the aggregation platforms. For more details, see "— Our Woodpecker Platform — Our Collaboration with Aggregation Platforms."

We entered into an agreement with a PRC licensed commercial bank to cooperate on the billing, payment and settlement functions on our platform. Consumers utilizing our platform to find technicians typically make payments for fulfilled service orders to a designated account with the licensed commercial bank either directly or through online payment processors, based on the price quote they have confirmed following our partner technicians' on-site inspections. We typically settle payments with partner technicians by crediting the payments to their accounts in seven days, after deducting our service fees.

The following diagram illustrates the typical processes of transactions fulfilled through our platform:



OUR TECHNOLOGY

Our rapid growth and robust operation are underpinned by our robust technological capabilities and strong research and development team. We are committed to investing in technological innovation and development, and have built reliable, highly automated information technology systems. Most of our technologies are independently developed, providing full-stack intelligent solutions for our business. As of June 30, 2024, we had a research and development team of 215 professionals. In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our research and development expenses amounted to RMB23.9 million, RMB32.6 million, RMB44.1 million, RMB20.9 million and RMB23.7 million, respectively. Our research and development team consist of engineers who design, develop and implement our system and service offerings, those who maintain our database and develop our data technology including big data analytics, those who focus on cybersecurity and the operational efficiency and stability of our systems.

Our Technology Infrastructure

Our technology infrastructure possesses the following features:

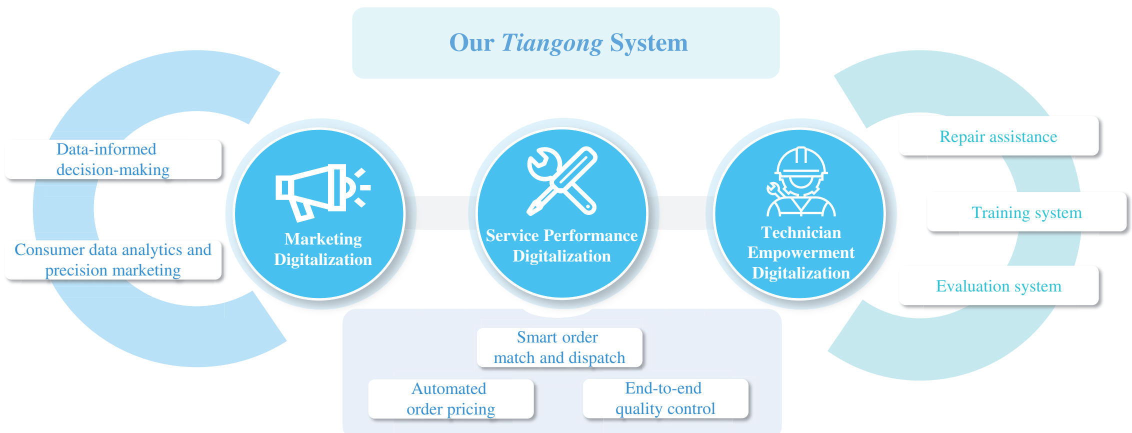
- *Cloud native.* Save for the testing development system deployed locally, our platform runs in the cloud, which brings scalability and resilience to our services. We use cloud services with servers located in mainland China. Relying on cloud-native technologies developed by leading cloud service providers, we are able to reduce costs relating to operating and maintaining physical servers and focus on enhancing our service offerings.

- *Big data.* We collect and store data from consumers, technicians and transaction orders in strict compliance with applicable laws and regulations and the terms and conditions consented by our consumers. On such premise, we implement data lakehouse on our platform, a new data management architecture that seamlessly integrates data lakes and data warehouses to enable the coexistence of various data types, unified metadata management, and end-to-end data visibility. With data analytical tools employed on our data lakehouse, we can generate valuable insights, which allows us to enhance order dispatch, consumer engagement and operating efficiency.

- *AI.* We harness AI technology to develop intelligent consumer service chatbots, which enhances our response speed and service efficiency. Our intelligent inspection system conducts quality assurance by automatically examining photos taken during service, call recordings, and on-site recordings. Additionally, we utilize AI to generate SEO-optimized content to improve search engine rankings and craft promotional materials to enhance the appeal and effectiveness of marketing campaigns. Furthermore, our software developers leverage AI tools for code writing and review to reduce workload and enhance coding efficiency and quality.

Our Digital System

We develop and advance our technologies in-house to serve our business objectives. Aimed at maximizing business and management efficiency, with advanced technologies such as big data and AI, we have self-built *Tiangong* System, an end-to-end system that has digitalized key aspects of our business operations, including service performance, marketing and technician empowerment. The following diagram illustrates the key components of our *Tiangong* System:



- *Service Performance Digitalization.* Our *Tiangong* System digitalizes service performance including smart order match and dispatch, automated order pricing and end-to-end quality control. We use algorithms to match service orders with suitable technicians. Real-time tracking allows us to track order response times and offer proactive assistance when necessary. We use AI and big data to analyze historical transaction data and suggest order prices based on various factors. Our workflow digitization technologies enable our partner technicians to progress through the service via the *Woodpecker* Technician App, which sync up with our backend digital management system.

- *Marketing Digitalization.* Our *Tiangong* System digitalizes our marketing process by enabling data-informed decision-making and consumer data analytics and precision marketing. Our digital marketing system transforms collected data into detailed reports and insights in real time, aiding us in measuring the effectiveness of our marketing strategies and optimizing for peak performance. Our data management platform oversees the collection, storage, and organization of consumer data from multiple touchpoints based on consumer consents and approvals, and analyzes the impact of each marketing initiative and consumer interaction.

- *Technician Empowerment Digitalization.* Our *Tiangong* System digitalizes technician empowerment process by implementing training system, evaluation system and repair assistance. We have online learning portal enclosing various online training programs helping technicians to continually update their skills. Our digital evaluation system enables us to evaluate the performance of our partner technicians comprehensively by analyzing data collected through our system such as the performance evaluation provided by consumers, prompt outreach ratio and order success rate. We have established a digital know-how database and expertise customized for various service categories and appliance brands. The *Woodpecker* Technician App also facilitates direct communication with our in-house technical experts, who may provide real-time assistance in resolving challenges.

SALES AND MARKETING

Our marketing efforts are focused on forging a robust brand image, nurturing word-of-mouth endorsements, and positioning *Woodpecker* as the first platform that comes to mind whenever consumers think of home maintenance and repair. Through standardized service procedures and consistent service quality, we effectively address consumers' home maintenance and repair needs and build positive word-of-mouth for our services. A strong brand name draws more consumers to the platform. Abundant consumer orders, coupled with fair and standardized transaction processes, consistently attracts talented technicians to our platform, which in turn improves order dispatch efficiency and enhances consumer satisfaction, creating positive and sustainable flywheel effects.

Our marketing strategy is built on omni-channel traffic acquisition, reaching consumers and technicians wherever they are. We promote platform visibility and enhance brand awareness through a variety of online and offline channels, including our *Woodpecker* Consumer App, WeChat mini-app, live chat on our websites, toll-free phone calls, as well as aggregation platforms that we collaborate with. These aggregation platforms primarily include online platforms operating search engines or mobile apps with robust traffic. They offer us traffic acquisition services and/or order facilitation services which help us get access to a large amount of user traffic and service orders while ensuring cost efficiency in sales and marketing. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the orders fulfilled through our platform that were converted from leads obtained through aggregation platforms' traffic acquisition services accounted for 64.1%, 61.5%, 62.8% and 64.6% of our platform's total GTV, respectively; and the orders fulfilled through our platform that were received from the aggregation platforms accounted for 10.9%, 6.1%, 3.7% and 2.3% of our platform's total GTV, respectively. For more details, see "— Our Woodpecker Platform — Our Collaboration with Aggregation Platforms."

We craft informative content on home maintenance and repair tips, shared through diverse mediums. We also invest in online advertisements, search engine optimization and influencer marketing on third-party websites and mobile apps, particularly popular search engines, information listing platforms and social media platforms. To bring a more convenient and personalized *Woodpecker* experience to our consumers, we have introduced the *Woodpecker* membership program. Consumers can pay subscription fees to become members through our WeChat mini-app and the *Woodpecker* Consumer App and enjoy discount coupons and other benefits. Offline marketing takes the form of elevator advertisements, high-speed train advertisements and LED sign boards. We hold community events, such as pop-up maintenance and repair stops, in residential areas, which allow us to showcase our services and build connections with local residents. Additionally, we provide partner technicians with branded, uniform work clothes, amplifying our brand exposure through their interactions with the general public. We are committed to achieving automation and enhancing the intelligence of our advertising endeavors. See "— Our Technology" for more details. We closely monitor the execution, outcomes, and conversion rates of our marketing campaigns across various channels, which allows us to continually refine our strategies and tactics.

Our advertisements on high-speed train

Our community events feature pop-up maintenance and repair stops in residential areas

During the Track Record Period, we primarily generated revenue by charging technicians service fees for facilitating home maintenance and repair services transactions with consumers. Our pricing strategy is carefully crafted to strike a balance between fairness and competitiveness in the market. Our pricing strategies take into account various factors, including the costs and expenses associated with our services, the value we bring to our partner technicians and consumers, market competition, and our targeted profit margins.

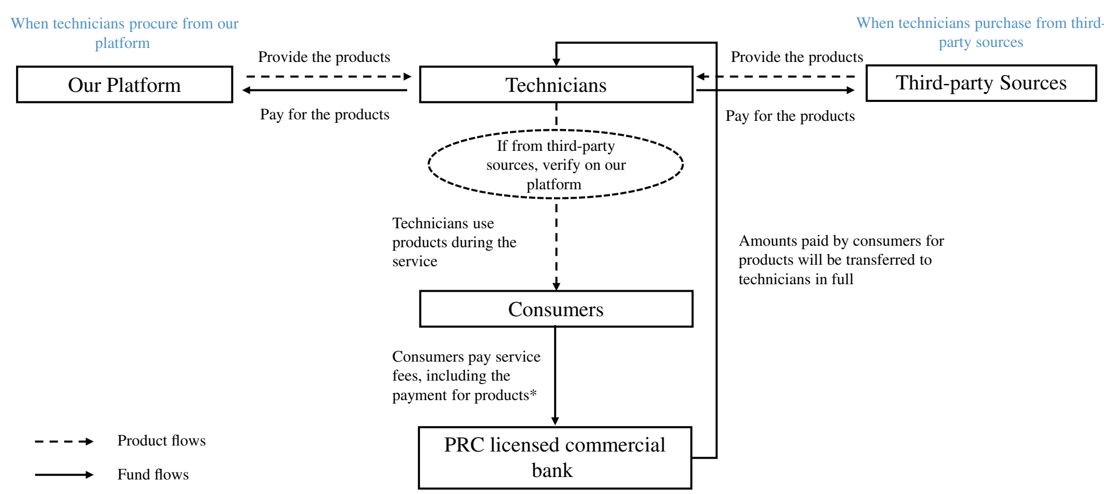
OUR ANCILLARY SERVICES

During the Track Record Period, leveraging our accumulated industry know-how and resources, we provided certain ancillary services as a natural supplement to our core offerings, comprising (i) sales of spare parts and materials to our partner technicians in their maintenance and repair services, as well as new appliances to consumers when they choose to replace their old appliances, (ii) partnerships with property management service providers, and (iii) maintenance and repair services for photovoltaic equipment. See "Financial Information — Description of Major Comprehensive Income Line Items — Revenue" for more details.

Sales of Spare Parts, Materials and Appliances

Leveraging our connections in the upstream market, we provide our partner technicians with high-quality tools and spare parts, such as appliance accessories switch, igniter, safety valve, and fixed frequency board, at competitive prices to be used in their maintenance and repair services. This eliminates the need for them to search for and evaluate these items, allowing them to focus on what they do best. Technicians place orders for these items through the *Woodpecker* Technician App and collect them from our warehouses or technician centers nearby. We encourage technicians to procure from our platform to ensure consistent quality of parts used for consumers. Technicians are allowed to exchange the spare parts procured from us. By facilitating the exchange, we believe we can accommodate flexible needs of our partner technicians, enhancing their work efficiency and service quality, and potentially prevent the wastage and stockpiling of unused parts. While technicians have the option to purchase from third-party sources, they must verify these purchases on our platform so that we can include these costs in the service fees charged to consumers. Additionally, we offer appliances to our consumers who are seeking replacements, which further enhances our platform's value proposition. During service delivery, if technicians determine that an equipment is not viable for repair, they may suggest our available appliances to consumers. If the consumer chooses to purchase the recommended appliance, the technician will place a purchase order on our *Woodpecker* Technician App and help arrange delivery from our warehouses. Upon arrival of the new equipment, the technician will provide on-site installation services. We offer technicians sales commission for the appliances sold through their referral. These ancillary services streamline the maintenance and repair process, improving efficiency and consumer satisfaction.

The following diagram illustrates the typical processes of technicians procuring spare parts, materials and appliances through our platform and third-party sources:



* The amounts paid by consumers for spare parts, materials and home appliances that are used or installed by technicians during their services are included in the GTV of the service order.

Partnerships with Property Management Service Providers

We establish strategic partnerships with property management service providers, pursuant to which we arrange the onsite daily and routine repair work at residential communities to subcontracted and employed workers (the "onsite workers") and/or connect more technically challenging repairs should onsite technicians be incapable of to partner technicians on our *Woodpecker* platform. Maintenance and repair services are provided to both public area of the property under management by onsite workers and to the residential flats therein by either onsite workers or partner technicians on our platform. These partnerships provide regular service orders and allow us to efficiently connect with a wider network of consumers. As of the Latest Practicable Date, we had entered into cooperation agreements with over 10 property management service providers across the country.

Similar to our platform services, residents at residential communities, by referrals from the property management service providers we partner with, place maintenance and repair orders through our *Woodpecker* platform in circumstances where onsite technicians are incapable to fulfill more technically challenging repair work, and we will connect residents with partner technicians on our platform pursuant to our existing agreements with such partner technicians. In such case, our customers are partner technicians on our platform, and we act as an agent that facilitates the service orders between the technicians and residents. We generate revenue from charging technicians services fees for matching them with home maintenance and repair service orders placed on our *Woodpecker* platform, which is accounted for as platform services revenue in the consolidated financial statements of the Group. For details regarding liability assumption and insurance of the work provided in such case, see "— Technicians on Our *Woodpecker* Platform — Key Arrangements with Technicians".

We arrange the on-site daily and routine repair work at residential communities managed by the property management service providers to onsite workers. In such case, property management service providers are our customers, and we act as a principal in providing services to property management service providers by arranging technicians to perform requested services. We generate revenue from the transaction price of maintenance services, which is accounted for as maintenance services revenue in the consolidated financial statements of the Group. During the Track Record Period, all of the onsite workers had obtained relevant qualifications before commencing special operation of low-voltage electrical work at the residential communities. For work at height, when determining such qualifications are necessary after the on-site inspection, onsite workers may assign the order to partner technicians through our *Woodpecker* platform at resident's option. During the Track Record Period, none of the onsite workers also served as a partner technician on our platform in relation to our partnership with property management service providers. Pursuant to the subcontracting arrangement, subcontracted workers shall assume full responsibility for any third-party personal injury or property damage caused by them, and we do not bear any liability in cases where subcontracted workers suffer personal injury or property damage not attributable to us.

Maintenance and Repair for Photovoltaic Equipment

Riding the wave of renewable energy's growing popularity, in November 2023, we established a joint venture to introduce installation and maintenance services for solar power plants and other corporate customers using photovoltaic equipment to our platform. As we are at a relatively nascent stage, during the Track Record Period, we did not generate revenue from the maintenance and repair for photovoltaic equipment, and as of the date of this document, we had four partner technicians committed to the maintenance and repair for solar power plants and photovoltaic equipment, who had obtained relevant qualifications before commencing special operation work. Similar to our platform services, operators of solar power plant and photovoltaic equipment place maintenance and repair orders through our platform and we will connect partner technicians on our platform pursuant to our existing agreements with them. Our customers are partner technicians on our platform, and we act as an agent that facilitates the service orders between the technicians and operators of solar power plant and photovoltaic equipment. We generate revenue from charging technicians services fees for matching them with service orders placed on our platform. For details regarding liability assumption and insurance of the work provided in such case, see "— Technicians on Our Woodpecker Platform — Key Arrangements with Technicians".

OUR SUPPLIERS

Major Suppliers

During the Track Record Period, our suppliers primarily consisted of (i) suppliers of traffic acquisition, marketing and advertising services, (ii) suppliers of spare parts, materials and appliances used in home maintenance and repair services, (iii) providers of server hosting, software and other technology services, and (iv) online payment processors. Substantially all of our suppliers are located in the PRC. Purchases from our five largest suppliers of each year/period during the Track Record Period accounted for 42.0%, 50.8%, 50.4% and 40.5% of our total purchases for the respective period and purchases from our single largest supplier of each year/period during the Track Record Period accounted for 12.3%, 21.7%, 19.8% and 11.4% of our total purchases for the respective period. The following tables set forth the details of our five largest suppliers in terms of percentages of total purchases during the Track Record Period.

For the year ended December 31, 2021

Name of Suppliers	Supplier Background	Products/Services Purchased	Purchase Amount	% of Total Purchases	Business Relationship Since
			(in RMB Millions)		
Supplier A	A software and information technology services provider headquartered in Ningbo, Zhejiang, established in 2018	Traffic acquisition services	29.0	12.3	2020
Supplier B	A software and information technology services provider headquartered in Tianjin, established in 2012, and an affiliate of 58.com Inc., our substantial shareholder	Traffic acquisition services and internet platform services	26.4	11.2	2017
Supplier C	A software and information technology services provider headquartered in Shanghai, established in 2006	Traffic acquisition services and internet platform services	24.1	10.2	2018
Supplier D	A business services provider headquartered in Ningbo, Zhejiang, established in 2013	Advertising and branding services	11.3	4.8	2021
Supplier E	A software and information technology services provider headquartered in Qingdao, Shandong, established in 2017	Traffic acquisition services	8.2	3.5	2018

For the year ended December 31, 2022

Name of Suppliers	Supplier Background	Products/Services Purchased	Purchase Amount	% of Total Purchases	Business Relationship Since
			(in RMB Millions)		
Supplier D	A business services provider headquartered in Ningbo, Zhejiang, established in 2013	Advertising and branding services	77.7	21.7	2021
Supplier C	A software and information technology services provider headquartered in Shanghai, established in 2006	Traffic acquisition services and internet platform services	38.7	10.8	2018
Supplier A	A software and information technology services provider headquartered in Ningbo, Zhejiang, established in 2018	Traffic acquisition services	27.1	7.5	2020
Supplier B	A software and information technology services provider headquartered in Tianjin, established in 2012, and an affiliate of 58.com Inc., our substantial shareholder	Traffic acquisition services and internet platform services	24.5	6.8	2017
Supplier F	A software and information technology services provider headquartered in Chongqing, established in 2020	Traffic acquisition services	14.4	4.0	2020

For the year ended December 31, 2023

Name of Suppliers	Supplier Background	Products/Services Purchased	Purchase Amount	% of Total Purchases	Business Relationship Since
			(in RMB Millions)		
Supplier D	A business services provider headquartered in Ningbo, Zhejiang, established in 2013	Advertising and branding services	102.5	19.8	2021
Supplier C	A software and information technology services provider headquartered in Shanghai, established in 2006	Traffic acquisition services and internet platform services	59.7	11.5	2018
Supplier A	A software and information technology services provider headquartered in Ningbo, Zhejiang, established in 2018	Traffic acquisition services and internet platform services	37.1	7.2	2020
Supplier H	A software and information technology services provider headquartered in Beijing, established in 2016	Traffic acquisition services	32.9	6.3	2022
Supplier G	A software and information technology provider headquartered in Tianjin, established in 2020	Traffic acquisition services	29.2	5.6	2020

For the six months ended June 30, 2024

Name of Suppliers	Supplier Background	Products/Services Purchased	Purchase Amount	% of Total Purchases	Business Relationship Since
			(in RMB Millions)		
Supplier A	A software and information technology services provider headquartered in Ningbo, Zhejiang, established in 2018	Traffic acquisition services	42.3	11.4	2020

Name of Suppliers	Supplier Background	Products/Services Purchased	Purchase Amount	% of Total Purchases	Business Relationship Since
			(in RMB Millions)		
Supplier C	A software and information technology services provider headquartered in Shanghai, established in 2006	Traffic acquisition services and internet platform services	37.9	10.2	2018
Supplier D	A business services provider headquartered in Ningbo, Zhejiang, established in 2013	Advertising and branding services	28.9	7.8	2021
Supplier H	A software and information technology services provider headquartered in Beijing, established in 2016	Traffic acquisition services	26.2	7.1	2022
Supplier G	A software and information technology provider headquartered in Tianjin, established in 2020	Traffic acquisition services	14.7	4.0	2020

Notes:

(1) Supplier A is a private company and its affiliate, incorporated in the PRC in 2018 and headquartered in Ningbo, Zhejiang. With a registered capital of RMB10.0 million and more than 50 employees, it mainly provides services of software and information technology, as well as advertisement design, production, agency, and publication. During the Track Record Period, Supplier A provided us with traffic acquisition services to acquire service order leads on two leading internet platforms in China.

(2) Supplier B is a public company, incorporated in the PRC in 2012 and headquartered in Tianjin. With a registered capital of more than US$100.0 million and more than 100 employees, it mainly provides services of software and information technology, as well as advertisement design, production, agency, and publication. During the Track Record Period, Supplier B provided us with traffic acquisition services to acquire service order leads and internet platform services to acquire service orders on its leading internet platform. It is an affiliate of 58.com Inc., our substantial shareholder.

(3) Supplier C is a private company, incorporated in the PRC in 2006 and headquartered in Shanghai. With a registered capital of more than US$400.0 million and thousands of employees, it mainly provides services of software and information technology, as well as advertisement design, production, agency, and publication. During the Track Record Period, Supplier C provided us with traffic acquisition services to acquire service order leads and internet platform services to acquire service orders on its leading internet platform.

(4) Supplier D is a private company and its affiliate, incorporated in the PRC in 2013 and headquartered in Ningbo, Zhejiang. With a registered capital of RMB50.0 million and thousands of employees, it mainly provides services of software and information technology, as well as advertisement design, production, agency, and publication. During the Track Record Period, Supplier D provided us with services of design, production, and publication of elevator advertisements.

(5) Supplier E is a private company, incorporated in the PRC in 2017 and headquartered in Qingdao, Shandong. With a registered capital of RMB5.0 million and less than 50 employees, it mainly provides services of software and information technology, internet data, and information consulting. During the Track Record Period, Supplier E provided us with traffic acquisition services to acquire service order leads on a leading internet platform in China.

(6) Supplier F is a private company, incorporated in the PRC in 2020 and headquartered in Chongqing. With a registered capital of RMB5.0 million and less than 50 employees, it mainly provides services of software and information technology, as well as advertisement design, production, agency, and publication. During the Track Record Period, Supplier F provided us with traffic acquisition services to acquire service order leads on a leading internet platform in China.

(7) Supplier G is a private company, incorporated in the PRC in 2020 and headquartered in Tianjin. With a registered capital of RMB0.5 million, it mainly provides home maintenance and repair services in Tianjin. During the Track Record Period, Supplier G provided us with traffic acquisition services by redirecting service requests it acquired from two leading internet platforms in China beyond its service capacity to us. Our partnership with Supplier G is one of our various channels to acquire traffic to expand our order acquisition scope and strengthen consumer acquisition capacity by working with competent partners by collaborating with partners who are more resourceful than us in those areas to cover regional markets.

(8) Supplier H is a private company and its affiliates, incorporated in the PRC in 2016 and headquartered in Beijing. With a registered capital of RMB10.0 million and less than 50 employees, it mainly provides internet information technology services, including brand analysis and strategic planning, performance-oriented promotions, creative design, and website development. The management team at Supplier H bring extensive industry expertise in interactive media and digital marketing, with past roles at major internet platforms. During the Track Record Period, Supplier H provided us with traffic acquisition services, offering service order leads sourced from leading internet platforms in China.

Our purchase of traffic acquisition, marketing and advertising services mainly include (i) traffic acquisition fees paid to acquire service order leads on major internet platforms; (ii) commissions paid to major internet platforms for orders placed through these platforms and subsequently fulfilled by our partner technicians; and (iii) advertising and branding services incurred for general advertisement and promotion of our brand, including online advertisements, search engine optimization and influencer marketing on third-party websites, as well as offline advertisements such as elevator advertisements, highspeed train advertisements and LED sign boards.

We generally enter into agreements with our major suppliers of traffic acquisition, marketing and advertising services, which typically include the following principal terms:

- *Duration*. The duration of the agreements entered into between us and these suppliers ranges from one to three years.

- *Rights and obligations of the parties*

  - The providers for traffic acquisition services and internet platform services shall place information or advertisement required by us in specific internet platforms, and the providers for advertising and branding services shall place the offline advertisement at the time, location, quantity, and format and as agreed with us in advance. We pay these service providers for their service fees.

- *Pricing and payment*

  - For agreements with traffic acquisition service providers and internet platform service providers: We generally top up in the internet platform account an agreed amount to be consumed over a specified period, which is charged by these service providers with reference to certain performance parameters of the services, including but not limited to impressions and clicks. These service providers may grant us rebates when our actual amount consumed over the period exceeds the amount agreed in advance.

  - For agreements with advertising and branding service providers: We usually make payments on a monthly basis.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, except for Supplier B who is an affiliate of 58.com Inc., our substantial shareholder, our top five suppliers were all Independent Third Parties. Supplier B, one of our top five suppliers in 2021 and 2022, is an affiliate of 58.com Inc. Platform A, the second largest player in China's online home maintenance and repair industry in terms of GTV in 2023 is also an affiliate of 58.com Inc. We believe that there is no material competition between us and 58.com Inc., given that (1) 58.com Inc. is not our controlling shareholder and we operate independently from them; (2) there are clear delineating characteristics between the home maintenance and repair services we provide and the services 58.com Inc. provides, since 58.com Inc. primarily operates an online classifieds platform and provides sales leads for service providers or platforms like us, while we develop service standards and SOPs, monitor service performance and provide quality assurance; and (3) our relationship with them as our supplier is collaborative rather than competitive. As of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers. To the best knowledge of our Directors, during the Track Record Period, there were no overlap between our major suppliers and our customers.

Our Supply Chain Management

Supplier Selection

We centrally procure spare parts, materials and appliances and resell them to technicians or consumers. To ensure quality control, we employ a rigorous supplier selection process, examining a supplier's qualifications, reputation, track record, price, product quality, and the timeliness and accuracy of delivery. We assess suppliers through background and qualification checks, sample testing, consumer feedback reviews, and, when necessary, on-site audits of production facilities. This multifaceted approach ensures that the products align with our specific quality control requirements. Additionally, we enforce an anti-bribery and corruption policy, prohibiting employees from receiving kickbacks from suppliers. Our life-cycle management of suppliers includes the development of a rating system from entry to exit. High-performing suppliers have increased opportunities for future collaboration, while underperforming suppliers may face discontinued cooperation.

During the Track Record Period, we did not encounter any acute supply shortages or material delay during the course of business relating to our suppliers, or any material claims attributable to our suppliers, or early termination of contractual arrangements with our suppliers which materially and adversely affected our operations and financial condition.

Warehousing and Inventory Management

We typically source spare parts, materials and appliances directly from manufacturers, thereby cutting costs by eliminating intermediaries. Manufacturers arrange delivery straight to our warehouses or technician centers. We have instituted a warehousing system tailored to support our nationwide service network, ensuring timely and cost-effective fulfillment. In addition to our warehouses, our technician centers operate as distributed fulfillment hubs where technicians can conveniently purchase and collect items as needed.

Our inventory levels vary depending on current demand, past sales, and future sales projections. Our procurement team works on enhancing our inventory management, ensuring efficient tracking of incoming and outgoing inventory. Our inventory management system enables real-time oversight of inventory levels and generates inventory reports, contributing to optimizing inventory levels and enhancing working capital efficiency.

OUR CUSTOMERS

We have a broad customer base and generate revenue mainly from providing platform services that facilitate home maintenance and repair transactions, connecting partner technicians with consumers on our platform. Our customers primarily consist of individual partner technicians in the PRC, and during the Track Record Period, the revenue derived from our top five customers in aggregate accounted for less than 5% of our total revenue. During the Track Record Period, we did not receive any material complaints from technicians. During the Track Record Period and up to the Latest Practicable Date, to our best knowledge, none of the partner technicians on our platform had any past or present relationships (including, without limitation, family, business, financing, trust or otherwise) with our Group, our substantial shareholders, directors or senior management, or any of their respective associates outside our Group's ordinary course of business.

DATA PRIVACY AND PROTECTION

Data Privacy and Data Protection

We are committed to the protection of data privacy and data security, placing utmost importance on compliance with relevant laws and regulations. We have established a specialized cybersecurity department to formulate data protection strategy, assess data security risk and monitor data access and processing activities. Our information system and information security management department is designated to supervise the execution of our data security policies.

When consumers and technicians initially open an account on any of our user channels, including *Woodpecker* Consumer App, WeChat mini-app or website for consumers and *Woodpecker* Technician App for technicians, they are required to sign up to a user agreement and user privacy policy. In our privacy policy, we undertake to manage and use the data collected from consumers and technicians in accordance with applicable laws and make reasonable efforts to prevent the unauthorized use, loss or leak of personal data. Consumers and technicians on our *Woodpecker* platform use cryptographic numbers to communicate with each other. We retain personal information of consumers and technicians for the period of time necessary to achieve the purposes described in our privacy policy. In addition, we provide consumers and technicians the option to clear their data and cancel their accounts on our platform, after which we will anonymize and delete such information.

We only collect the personal information and data necessary for the use of our platform. We collect and use, from a consumer, the phone number and service address, and from a technician, his or her names, phone number, identification number and bank account information. We carry out all data processing activities within the territory of China in accordance with relevant laws and regulations. We store all the personal information and transaction data that we collect and process in a cloud data center operated by a third-party service provider located within the territory of China. We collect and use personal data for the stated purpose as authorized by consumers and technicians, or with other legal bases as provided by laws and regulations. We do not share with, transfer or disclose personal data to any third parties except for certain limited circumstances, including when it is expressly authorized by our consumers and technicians, necessary to fulfill our primary services to our consumers and technicians, or in compliance with applicable laws and regulations. Pursuant to our data protection agreements with these third parties, we strictly restrict the purpose and manner of data processing by the third parties to the scope of services they provide for us, and these third parties are obligated to delete the data at the end of our collaboration.

We use a variety of technologies to ensure data security. For example, we anonymize and encrypt confidential personal information and adopt encrypted storage and backup measures to store and protect the personal data of consumers and technicians.

We have also established stringent internal approval procedures under which we grant classified access to confidential personal data only to limited employees with strictly defined authority in accordance with our data privacy and data security policy. We require any access to or processing of personal information to undergo strict assessment and approval procedures. We classify the data we collect into sensitive and non-sensitive data. To access any sensitive data, employees are required to submit for approvals and explain the purpose and necessity of the request. No department or individual in our Group may directly publish sensitive information.

Furthermore, we enter into confidentiality agreements with our employees who have access to confidential information. The confidentiality agreements provide that, among others, our employees are legally obligated not to share, distribute or sell confidential information, including the information of consumers and technicians in their possession, to any party, including other employees who otherwise have no access to the information. We provide regular data privacy and security trainings. Our employees are also legally obligated to surrender all confidential information in possession upon resignation, and to retain their confidential obligations thereafter. Our employees bear compensation liability upon a breach of their confidentiality obligations or if they otherwise commit misconduct resulting in a leakage of confidential information.

During the Track Record Period and up to the Latest Practicable Date, we had not received any material claim from any third party against us on the ground of infringement of such party's right to data protection as provided by applicable laws and regulations, and we did not experience any material information leakage or loss of the personal data of consumers and technicians. During the Track Record Period and up to the Latest Practicable Date, we had not received any regulatory inquiries, investigations, notices, warnings, penalties, litigations or other legal proceedings in relation to laws and regulations on personal information protection. Based on the independent work of the internal control consultant that we engaged, no material deficiencies were identified in our internal policies and procedures regarding data privacy protection during the internal control review. Our PRC Legal Advisor is of the view that, during the Track Record Period and up to the Latest Practicable Date, we had complied with laws and regulations relating to data privacy and data security in all material respects.

Infrastructure Stability

We have implemented a variety of protocols and procedures, such as regular system checks, password policy, server access logging, network access authentication, consumer authorization review and approval and data back-up, as well as data recovery test, to safeguard our data assets and prevent unauthorized access to our network. We have policies to provide response plans to deal with incidents related to data security. Our operation and maintenance team and data security team monitors the operation of our systems and conduct safety drill on a regular basis. We also maintain a backup of our operating data to minimize the risk of data loss.

Currently, we procure computing power from third-party cloud service providers. We aim to continue to improve and enhance our data and system security through routine checks and periodic upgrades to ensure the proper management of our operational data. Whenever an issue is discovered, we take prompt actions to upgrade our system and mitigate any potential problems that may undermine the security of our system. We believe our policies and practice with respect to data privacy and security are in compliance with applicable laws and with prevalent industry practice.

During the Track Record Period, we did not experience any cyber-attacks which may have a material adverse impact on our operations. See "Risk Factors — Risks Relating to Our Business and Industry — Our business involves the collection, storage, processing and transmission of a large amount of data and may be subject to complex and evolving regulations and oversight related to cybersecurity, information security, privacy and data security. If we fail to comply with the relevant laws and regulations, our business, results of operations and financial condition may be adversely affected."

INTELLECTUAL PROPERTY

We believe the protection of our trademarks, copyrights, domain names, trade names, trade secrets, patents and other proprietary rights is critical to our business. We rely on a combination of trademark, fair trade practice, copyright and trade secret protection laws and patent protection, as well as confidentiality procedures and contractual provisions to protect our intellectual property and our trademarks. We rigorously control access to our proprietary technology and information. In general, our employees must enter into a standard intellectual properties protection and confidentiality agreement acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, while assigning to us any ownership rights that they may claim in those works. Despite our precautions, however, third parties may obtain and use intellectual property that we own or license without our consent. During the Track Record Period, we did not find any of such breaches of our intellectual property rights. However, unauthorized use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorized use may adversely affect our business and results of operations. In addition, from time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to adequately protect our intellectual property, which could adversely affect our business and operations" and "— We may be subject to intellectual property infringement claims or other allegations by third parties, which, with or without merit, may materially and adversely affect our business, reputation, results of operations and financial condition." We did not have any material disputes or any other pending legal proceedings of intellectual property rights with third parties during the Track Record Period and up to the Latest Practicable Date.

As of the Latest Practicable Date, we held three registered trademarks, five registered copyrights, three registered patents and three domain names in China which are material to the business of our Group. We generally renew our domain name registrations every year and applications for their renewal are usually made approximately one to three months prior to their expiration. Under normal circumstances, domain name registrations take effect immediately after the payment of renewal fees. As of the Latest Practicable Date, all of our registered domain names remained in effect. If any of our domain name registrations cannot be renewed for any reason, we will be forced to find an alternative domain name, and the traffic to our websites may be negatively affected.

For details of our material intellectual property rights, see "Statutory and General Information — B. Further Information about Our Business — 2. Material Intellectual Property Rights" in Appendix V to this Document.

LICENSES, PERMITS AND APPROVALS

Our business is subject to rigorous and evolving regulation, and we are required to obtain and maintain applicable licenses, permits and approvals to conduct our business. For related risks, see "Risk Factors — Risks Relating to Our Business and Industry — If we fail to obtain and maintain the requisite licenses and approvals, or if we are required to take compliance actions that are time-consuming or costly, our business, results of operations and financial condition may be materially and adversely affected."

As confirmed by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had obtained all licenses, permits, approvals and certificates necessary to conduct our operations in material respects from the relevant government authorities, and such licenses, permits, approvals and certificates remained in full effect. The following table sets forth details of the material licenses held by us for our operations as of the Latest Practicable Date in China.

License/Permit	Holder	First grant date	Latest grant date	Expiry date
Value-added Telecommunications Business Operating License for Online Data Processing and Transaction Processing Business (Operational E-commerce), Information Services (excluding Internet Information Services), Internet Information Services and Domestic Call Center (增值電信業務經營許可證)	Chongqing Woodpecker	July 3, 2020	January 23, 2024	July 1, 2027
Information System Security Level Protection Filing Certificate (信息系統安全等級保護備案證明)	Chongqing Woodpecker	February 23, 2022	February 23, 2022	N/A
Construction Industry Enterprise Qualification Certificate (建築業企業資質證書)	Chongqing Zhuoyuejia	October 21, 2020	December 4, 2023	October 19, 2025
Work Safety License (安全生產許可證)	Chongqing Zhuoyuejia	December 15, 2020	December 5, 2023	December 4, 2026
License for Installation, Repair, and Testing of Power Facilities (承裝(修、試)電力設施許可證)	Chongqing Zhuoyuejia	August 19, 2021	August 19, 2021	August 18, 2027

We renew all such material licenses, permits or certificates from time to time and had not experienced any difficulties in renewing such licenses, permits or certificates during the Track Record Period and up to the Latest Practicable Date. According to our PRC Legal Advisor, there is no material legal impediment to renewing such licenses, permits or certificates.

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we have received numerous awards and recognitions for our innovative technologies and contribution to the industry from government authorities and industrial organizations. The following table sets forth a summary of major awards and recognitions we received.

Awarding year	Award/recognition	Issuing authority/organization
2023	Top 20 Enterprises in the Software and Information Services Industry in Liangjiang New Area for the Year 2023	Chongqing Liangjiang New Area Management Committee
2022	Chongqing Enterprise Technology Center	Chongqing Municipal Economy and Information Technology Commission and Chongqing Municipal Taxation Bureau
2022	Annual Award for the Most Promising Investment Opportunities	Cailianpress.com
2022	Exemplary Consumer-Friendly Company	China Electrical Appliance Service Maintenance Association
2022	Model Enterprise for Big Data Applications	The Municipal Big Data Development Bureau of Chongqing
2022	2021 Annual Pinnacle Awards for the New Economy Industry — Best Internet Brand of the Year	iiMedia Research
2021	Golden Tripod Award Integrity Brand Award Innovation Brand Award Leadership Brand Award	The 7th National Forum on Brand Innovation and Development

SEASONALITY

Our results of operations are affected by seasonal factors. We generally experience a greater transaction volume on our platform in the third quarter of each year, primarily driven by increased demand for cleaning and maintenance of certain home appliances such as air conditioners due to high temperatures in the summer. As a result, we typically record the highest quarterly GTV and revenue in the third quarter. The transaction volume and revenue in the first quarter are additionally influenced by the Chinese New Year holidays during which many technicians return to their hometowns. Our GTV in the third quarter of 2021, 2022 and 2023 was 91.0%, 92.9% and 83.9% higher than in the first quarter of that year, respectively.

To reduce the fluctuations in our transaction volume affected by such seasonal factors, we usually allocate a substantial portion of our advertising and marketing spending in the fourth quarter of a year to promote our brand awareness based on our projected business volume and growth strategy for the next year. For example, in the fourth quarter of 2023, we made substantial investments in advertising and brand promotion across various channels, such as elevator and high-speed train advertisements, with an aim to boosting our platform's transaction volume in 2024.

We expect such seasonal pattern of our business to continue in the foreseeable future. However, as we continue to expand the service offerings and pool of partner technicians on our *Woodpecker* platform, we do not expect such seasonal fluctuations to have a material impact on our annual results of operations.

COMPETITION

We operate in the online home maintenance and repair industry in China, adopting the online-offline integrated service model. According to CIC, China's home maintenance and repair market size in terms of GTV was RMB714.9 billion in 2023, and is forecasted to reach RMB931.8 billion in 2027, representing a CAGR of 6.8% from 2023 to 2027. The online home maintenance and repair service penetration rate, calculated by dividing the market size of service orders placed through online channels or search engines by the total home maintenance and repair market size in terms of GTV, increased from 3.2% in 2018 to 14.5% in 2023, and is expected to increase to 25.4% in 2027. The online home maintenance and repair industry in China is highly competitive and fragmented. In 2023, the participants in this market included over 50,000 home maintenance and repair service providers utilizing online channels and internet search engines to reach and serve consumers and hundreds of online platforms facilitating home maintenance and repair service transactions between service providers and consumers. According to CIC, the top five online platforms accounted for approximately 5% market share in China's online home maintenance and repair industry in terms of GTV in 2023. We are the largest home maintenance and repair platform with a 2.4% market share in China's online home maintenance and repair industry in 2023 in terms of GTV, according to CIC.

The home maintenance and repair industry is intensely competitive and characterized by rapid changes in technology, shifting consumer preferences and frequent introduction of new services and products. The convenience and accessibility offered by internet platforms have changed the way individuals approach finding service providers, therefore consumers nowadays are more inclined to place service orders or make appointments through online channels or search engines. Further, with the increasing sophistication and intelligent development of home appliances, as well as the increasing frequency of daily use of electronic equipment, there is a growing consumer demand for specialized repair services which propels frequent introduction of new services and products in the home maintenance and repair industry. We expect competition to continue, both from current competitors, who may be well-established and enjoy greater resources or other strategic advantages, as well as from new entrants into the market, some of which may become significant players in the future.

We believe that our ability to compete effectively depends upon many factors within or beyond our control, including, among others:

- our ability to attract and retain consumers and technicians on our *Woodpecker* platform;
- our ability to provide superior user experience;
- the popularity, price, utility, ease of use, performance and reliability of our offerings compared to those of our competitors;
- our ability to expand our services offering;
- our reputation and brand strength relative to our competitors;
- our ability to expand our network and launch services in new cities and regions;
- our ability to maintain business integrity;
- changes mandated by, or that we elect to make to address, evolving legislations and requirements by regulatory authorities;
- our ability to fully comply with relevant laws, regulations, rules, policies and guidelines, as well as address disputes, proceedings, settlements, judgments, injunctions and consent decrees;
- our ability to further improve our technologies;
- our ability to attract, retain and motivate talented employees;
- our ability to maintain and improve our safety mechanism;
- our ability to raise additional capital; and
- acquisitions or consolidation within our industry.

INSURANCE

We consider our insurance coverage to be adequate and in accordance with the commercial practice in the industries in which we operate as of the Latest Practicable Date. We maintain certain insurance policies to safeguard us against risks and unexpected events. In particular, we purchase insurance on behalf of technicians to cover risks of personal injury to them or consumers, as well as property damage incurred by consumers during order fulfillment. The insurance agreements between us and the insurers, with technicians as the insured, typically have a duration of one year and are renewed from time to time. Such insurance covers technicians' accidental personal injury while providing services through our platform, with coverage typically ranging from RMB50,000 to RMB500,000 depending on the service category and the severity of the injury. Additionally, the insurance covers accidental personal injury and property damage incurred by third parties. The coverage for third parties' accidental personal injury typically ranges from RMB10,000 to RMB50,000, while property damage to third parties is typically capped at RMB10,000. The insurance premiums are typically charged by insurers per service order, with the amount varying based on the service category. These premiums that we prepay for technicians will be subtracted from their entitled service fees during the weekly settlements between technicians and us. During the Track Record Period, 1,652 claims were filed under these insurance policies, and the insurers had compensated an aggregate amount of approximately RMB8.5 million. During the Track Record Period, there had been no instances of insurers rejecting claims on the basis of illegality for work performed by technicians without appropriate qualifications.

However, in line with general market practice, we do not maintain any business interruption insurance since this type of insurance is not mandatory in the markets in which we operate. We do not maintain keyman life insurance, insurance policies covering damages to our technical infrastructure or insurance policies for our properties. We also do not maintain insurance policies against risks relating to the Contractual Arrangements. During the Track Record Period, we did not make any material insurance claims in relation to our business. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could have a material adverse effect on our results of operations. See "Risk Factors — Risks Relating to Our Business and Industry — Our insurance coverage may not sufficiently cover the risks related to our business."

PROPERTIES

Owned Property

In November 2023, we acquired a parcel of land with a site area of approximately 55,815 sq.m. in an amount of RMB237,670,000. Currently, our headquarters in Chongqing occupy a leased property with a gross floor area of approximately 6,771.7 square meters. As our business continues to expand, we anticipate the need for additional office space and facilities to accommodate our future growth. We plan to construct a science and technology park on the land within the next three years. The park will house dedicated facilities for technological research and business innovation, including a software development center, a data intelligence system operation center, and a technician training center. We plan to establish an innovation incubation center and a talent training and cultivation center to nurture more managerial, research and technical talents, laying a solid foundation for our long-term development. We also plan to integrate public service facilities into the park to enhance the working and living environment for our employees, boosting their satisfaction and loyalty and fostering a stronger company culture. In addition, the acquisition of this land gives us flexibility to capitalize on future growth opportunities, such as potential mergers and collaborations. As of the Latest Practicable Date, we had obtained the land use right certificate from the local authority for the land parcel.

We plan to develop this science and technology park as a unified construction project that is expected to be put into use upon its completion by 2026. The whole project is divided into three phases: (i) initial planning and design, and obtaining relevant approvals, (ii) construction, and (iii) inspection and acceptance. We are currently in the initial planning and design phase, aiming to complete such preparatory work by 2024 and satisfy the conditions to proceed with construction. We expect the capital expenditure for such initial planning and design phase to be approximately RMB90 million.

Pursuant to Chapter 5 of the Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, save and except for the disclosure set forth in Appendix III to this document, this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies Ordinance (Miscellaneous Provisions) in relation to paragraph 34(2) of the Third Schedule to the Companies Ordinance (Miscellaneous Provisions) which requires a valuation report with respect to all our Group's interests in land or buildings.

Pursuant to Rule 5.01A and 5.01B of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) is or is above 15% of its total assets (as defined in Rule 5.01(4) of the Listing Rules), the document must include the full text of a valuation report for such property interest. As the carrying amount of our above owned property exceeds 15% of our total assets as of June 30, 2024, being the date of which the most recent audited consolidated statements of the financial position of our Group, in order to comply with Rule 5.01B(2)(a) of the Listing Rules, a property valuation report by BonVision International Appraisals Limited, an independent property valuer, in respect of our above owned property is included in Appendix III to this document. See "Appendix III – Property Valuation Report." Pursuant to Rule 5.01B(2) of the Listing Rules, our Directors confirm that:

- we do not have any property interest that forms part of property activities as of June 30, 2024; and

- save and except for the disclosure set forth in Appendix III to this document, no single property interest that forms part of non-property activities has a carrying amount of 15% or more of our total assets as of June 30, 2024.

Leased Properties

As of the Latest Practicable Date, we leased 153 properties with an aggregate gross floor area of over 40,000 square meters, which were primarily used to operate our technician centers, warehouses and offices. The leases generally have a term ranging from one year to five years. We will consider renewal of the leases upon their expiry.

Title Defects

As of the Latest Practicable Date, a majority of our leased properties were subject to potential title defects, as the lessors of such leased properties had not provided us with the relevant title ownership certificates for the leased properties or proof of authorizations from the property owners to sublease the properties to us. As a result, the leases may not be valid and there are risks that we may not be able to continue to use such properties, according to our PRC Legal Advisor.

As advised by our PRC Legal Advisor, it is the relevant lessors' responsibility to comply with the relevant requirements, such as to obtain the relevant ownership certificates or authorizations, and there are no rules or regulations requiring the lessee to obtain the ownership certificate or imposing regulatory punishment on the lessee for not doing so. Accordingly, our PRC Legal Advisor is of the view that we are not subject to any material administrative penalty for any of the title defects in the leased properties. However, without ownership certificates or authorizations from the property owners, our use of these leased properties may be affected by third parties' claims or challenges against the lease rights. If the lessors do not have the requisite rights to lease the properties, we may be required to vacate from these properties. As of the Latest Practicable Date, we were not aware of any challenges being made by a third party or government authority to the titles of any of these leased properties that might affect our current occupation.

Moreover, according to relevant PRC laws and regulations and the lease agreements, the lessee may have the right to claim compensation if the lease agreement is invalid due to the lessor's fault. If our ability to continue leasing such properties is affected by a third-party objection, we may seek indemnity from the lessor in accordance with relevant PRC laws and regulations and the lease agreements.

As of the Latest Practicable Date, the leased properties subject to potential title defects are used primarily as our technician centers, warehouses and offices. Our Directors are of the view that (i) there is a sufficient reservoir of comparable alternative properties in proximity, and therefore do not expect to incur significant time and cost for identifying alternatives and relocating our operations in the unlikely event that we were required to do so, and (ii) we would be able to relocate to different sites easily should we be required to do so given that the sites of leased properties are not material to our business operation. For the foregoing reasons, our Directors believe that such title defects will not have a material adverse impact on our business, operations or financial results.

Non-registration

As of the Latest Practicable Date, 141 lease agreements of our leased properties had not been registered and filed with relevant land and real estate management departments in China. Under the relevant PRC laws and regulations, the parties to a lease agreement have the obligation to register and file the executed lease agreement. As advised by our PRC Legal Advisor, the validity and enforceability of the lease agreements are not affected by the failure to register or file the lease agreements with the relevant government authorities. According to the relevant PRC regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each unregistered lease. We estimate that the maximum penalty we may be subject to for these unregistered lease agreements will be approximately RMB1,410,000. As of the Latest Practicable Date, we had not received any order from the relevant government authorities requiring us to register these lease agreements. We undertake to cooperate fully to facilitate the registration of lease agreements once we are notified of any requirements by the relevant government authorities, and we will actively liaise with the respective lessors to complete the registration of all such lease agreements, if possible.

For risks regarding our leased properties, see "Risk Factors — Risks Relating to Our Business and Industry — Our legal right to some leased properties may be challenged."

EMPLOYEES

We recognize the immense value of our employees and consider them vital to its ongoing success. We have consistently strived to attract and retain top talent by offering training programs, competitive compensation packages, and opportunities for career advancement. By investing in the development and well-being of its employees, we aim to maintain a skilled and motivated workforce, ensuring its continued prosperity. As of December 31, 2021, 2022 and 2023 and June 30, 2024, we had a total of 1,230, 1,463, 1,908 and 2,050 full-time employees, respectively, and four, three, 12 and 9 part-time employees, respectively, all of which are based in China. The following table sets forth a breakdown of our employees by functional area as of June 30, 2024:

Functional Area	Number of Employees	% of Total
Research and development	215	10.5
Consumer service	671	32.7
Sales and marketing	304	14.8
General and administration	195	9.5
Technician management and service delivery(1)	665	32.4
Total	**2,050**	**100**

Notes:

(1) Our technician management team is mainly responsible for the acquisition, training and empowerment of our platform technicians. Our service delivery team primarily develops our SOPs in specific regions and service categories, assists technicians in fulfilling service orders and oversees their service performance.

Recruitment and training

We primarily recruit our employees through on-campus job fairs, employee referrals, industry referrals and online channels including our corporate website and social networking platforms. We undertake a strict interview process for recruitment purposes. We enter into standard employment agreements, as well as confidentiality and non-compete agreements with our employees in accordance with market practice. We have adopted a training protocol in mainland China, pursuant to which we provide pre-employment and ongoing management and technical training to our employees.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in the recruitment or retention of experienced staff or skilled personnel.

Remuneration and benefits

Our success depends on our ability to attract, retain and motivate qualified personnel. As art of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives. Bonus payments are generally discretionary and based in part on employee performance and on the overall performance of our business. As required by laws and regulations in China, we participate in various employee social security plans that are organized by municipal and provincial governments including, among other things, pensions, medical insurance, unemployment insurance, maternity insurance, work-related injury insurance and housing fund plans through a PRC government-mandated benefit-contribution plan. We are required under PRC law to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

Relationship with our employees

We believe that we have a good working relationship with our employees. Our employees are represented by a labor union. We handle our labor disputes in accordance with applicable laws, rules and regulations. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any significant labor disputes.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

Our Governance

We recognize our responsibility to uphold high standards in health, safety, social and environmental practices. We are committed to, after our [**REDACTED**], complying with the reporting requirements related to environmental, social and governance ("ESG"). To effectively manage ESG issues, upon our [**REDACTED**], we will establish a two-tier ESG governance framework, comprising of our Board and an ESG committee.

Our Board will take the overall responsibility for our ESG strategy and reporting. Our Board will be directly involved in setting up our overall ESG governance management policies, strategies, priorities and targets, reviewing our ESG policies on an annual basis to ensure its effectiveness, and fostering a culture of acting in accordance with our core ESG values.

Our ESG committee, consisting of our senior management and staff with a solid understanding of current and emerging ESG issues and our business, will directly report to the Board on ESG issues. Set forth below are the key responsibilities of our ESG committee:

- ensure that we abide by the latest ESG laws and regulations, including the applicable sections of the Listing Rules, and keep the Board informed of any changes in the laws and regulations and update our ESG policies accordingly;

- assess ESG risks on a regular basis according to applicable laws, regulations and policies, and formulate strategic plans and mitigating measures to ensure our responsibilities with respect to ESG matters are met;

- monitor local environmental, social, and climate changes in regions where we operate and take timely measures to mitigate the risks associated with volatile changes during our daily business operations;

- monitor the implementation of our ESG policies and engage third-party consultants to support us in fulfilling our ESG goals if the ESG committee considers it necessary;

- identify our key stakeholders based on our business operations and understand the stakeholders' influences and dependence with respect to ESG matters;

- hold meetings on a regular basis to identify, assess, and manage our progress in achieving our key ESG targets; and

- prepare annual ESG report, report to our Board on our ESG performance and the effectiveness of our ESG policy, and provide our Board recommendations relating to ESG matters.

Identification, Assessment, Management and Mitigation of ESG Risks

We do not operate any production facilities. We primarily operate an online-offline integrated home maintenance and repair platform. We have identified the following ESG risks which we consider material and may have an impact on our business, strategy or financial performance, and have formulated strategies and implemented systems to manage and mitigate these risks.

Supply Chain Management

Responsible sourcing and sound supply chain management are essential for us to ensure service quality and sustainability along our supply chain. If we are unable to select quality third-party suppliers or monitor, audit and manage different parties in the supply chain, we may be exposed to risks of suppliers' non-compliance with applicable laws and regulations and unethical practices, which could diminish our competitiveness and harm our reputation.

We have established a rigorous supplier vetting and approval process, as well as detailed protocols for ongoing monitoring and review of our suppliers, to mitigate risks relating to our supply chain and build a more environmentally friendly supply chain. See "— Our Suppliers — Our Supply Chain Management" for more details.

Climate Change Adaptation

Floods, typhoons, storms, and other extreme weather conditions and natural disasters may cause price volatility of raw materials, fluctuation in supply and physical damage to our warehouses and offices, pose safety risks to our partner technicians and lead to delayed service delivery to our consumers, among other consequences. Besides, against the backdrop of the PRC's carbon peak and neutrality goals, we may incur additional costs to reduce our carbon footprint.

We are committed to conserving energy and reducing our carbon footprint. Through improving operating efficiency, we will reduce the use of energy and other natural resources in order to enhance our environmental performance and reduce the negative impact of our operations in relation to climate change. We continuously look for effective ways to reduce energy use and thus our carbon footprint.

Health and Work Safety

We are subject to relevant health and safety laws and regulations. See "Regulatory Overview — Regulations on Home Maintenance and Repair Services" for more details. During the Track Record Period, we complied with the relevant applicable occupational health and safety laws and regulations in all material respects in the PRC. We strive to provide a safe working environment for our employees and implement work safety guidelines for all of our employees.

Consumer Privacy and Data Security

We are subject to relevant consumer privacy and data security laws and regulations. See "Regulatory Overview — Regulations on Internet Security and Privacy Protection" for more details. During the Track Record Period, we complied with the relevant applicable internet security and privacy protection laws and regulations in all material respects in the PRC. We are committed to the protection of data privacy and data security, and we attach utmost importance to the compliance with relevant laws and regulations.

Environmental Protection

We are committed to integrating the principles of sustainable development into our business decisions and operations, ensuring that our operations are environmentally friendly. We have developed a Sustainability Policy (《可持續發展政策》), which provides clear guidelines for effective management of electricity, water, and vehicles, enabling us to adopt a green operational model.

The Company complies with the Environmental Protection Law of the PRC, the Energy Conservation Law of the PRC and other regulatory requirements in its business operations. The Company has not (i) violated any laws or regulations regarding the emission of exhaust gases and greenhouse gases, the discharge of pollutants to water bodies and land, the generation of hazardous and non-hazardous waste; (ii) experienced any significant incidents affecting the environment and natural resources; or (iii) received any notices of environmental fines or litigation over the past three years.

Greenhouse Gas Emissions

Being a home maintenance and repair platform facilitating home maintenance and repair transactions between consumers and technicians, the major sources of our emissions come from our office operations, as well as the sales and distribution of spare parts, materials and appliances in our warehouses. Our greenhouse gas emissions are mainly emanated from purchased electricity. To reduce our carbon footprint and promote energy conservation, we always strive to optimize our energy usage. For example, we have organized staff training to raise their awareness of energy conservation and environmental protection.

The table below provides the relevant data during the Track Record Period.

	2021	2022	2023	Six months ended June 30, 2024
Greenhouse gas (GHG) emission				
Scope 1 (direct emissions) (tCO_2e)	17.74	46.32	72.86	39.17
Scope 2 (indirect emissions) (tCO_2e)	595.16	788.57	1,266.77	815.13
Scope 3 (other indirect emissions) (tCO_2e)(1)	252.64	483.35	494.15	247.21
Total GHG emission (tCO_2e)	865.53	1,318.23	1,833.78	1,101.51
Total GHG emission intensity (tCO_2e/million RMB revenue)	2.16	2.22	1.81	1.77
Electricity Consumption				
Electricity (kWh)	1,022,056.28	1,375,694.17	2,206,786.02	1,415,961.53
Intensity (kWh/million RMB revenue)	2,546.48	2,313.80	2,182.79	2,273.54

Note:

(1) The scope 3 (other indirect emissions) includes paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments and the business air travel by employees.

Resource Utilization and Waste Management

The waste generated from our operation mainly includes office waste and packaging materials in the warehouses. To ensure compliance with national waste management regulations and align with the initiatives for source reduction, waste separation, and resource utilization, we have developed a comprehensive Daily Waste Disposal Management System (《日常廢棄物處置管理制度》). This system aims to standardize waste management practices within our organization, ensuring proper waste disposal and adherence to national requirements. Our waste management measures include, among others:

- Re-using the packaging materials of spare parts and materials in the warehouse if they are in good condition. If the packaging materials are damaged and cannot be reused, they should be properly disposed of by qualified recyclers.
- Utilizing electronic document management systems, digital meetings, online office processes, and encouraging double-sided paper use; and
- Conducting education and awareness campaigns to encourage waste reduction and recycling among employees.

During the Track Record Period, the amount of non-hazardous and hazardous waste generated by our Company are as follows:

Waste	**2021**	**2022**	**2023**	**Six months ended June 30, 2024**
Non-hazardous waste (tons)	91.20	259.79	144.93	71.87
Hazardous waste				
Toner and ink cartridges (unit)	197	287	255	256

Water Resource Management

We understand the importance of water conservation. We undertake measures to conserve water, promote water-saving practices, and optimize water usage efficiency. Our measures include, among others:

- Upgrading facilities and equipment as needed to enhance water use efficiency; and
- Providing comprehensive staff training programs to increase awareness and knowledge about water conservation practices.

	2021	**2022**	**2023**	**Six months ended June 30, 2024**
Resource Consumption				
Water (tons)	12,115.07	17,406.76	15,725.84	10,182.88
Intensity (tons of water/million RMB revenue)	30.19	29.28	15.55	16.35

Based on the environmental data collected during the Track Record Period, we have established the following environmental targets in order to reduce our greenhouse gas emissions, electricity consumption, and water consumption. By setting these targets, we aim to minimise our environmental impact.

Energy Efficiency	Emissions	Water Consumption
Reduce purchased electricity intensity by 10% on or before 2030, as compared to 2021	Reduce greenhouse gas emissions by 10% on or before 2030, as compared to 2021	Reduce purchased water intensity by 10% on or before 2030, as compared to 2021

Corporate Social Responsibilities

We are committed to being responsible corporate citizens, continuously fulfilling corporate social responsibility. We recognize the size and influence of our platform, and seek to utilize our influence in a socially responsible manner. We actively encourage and support socially responsible initiatives and promote the concept of corporate social responsibility throughout our company.

Technician Welfare

The technicians are invaluable partners and customers in our business collaboration. We are fully committed to fulfilling our social responsibility by prioritizing the welfare of the technicians. We strive to improve the welfare of technicians through various initiatives. Through the provision of a series of measures on training, safety protection, as well as the career development, we strive to protect the rights of our technicians and provide a supportive work culture.

We are dedicated to safeguarding the rights and welfare of our technicians. To ensure transparency and fairness, our platform's pricing calculator generates all-inclusive price quotes, incorporating the technician's service fees, costs of necessary spare parts, and materials for the repair tasks etc. The service fee is determined based on the complexity of the identified issues, the city where service is performed, the technician's historical service performance, and demand for the services performed at the time. This approach guarantees that technicians earn a fair, reasonable, and dignified income, contributing to their overall well-being.

We help technicians enhance their service quality by offering trainings and formulating service standards and procedures. As of June 30, 2024, a cumulative total of over 87,000 technicians had undergone skill training with us. In addition, we have established over 500 technician centers in our operating cities, where we supply spare parts and materials to our partner technicians, conduct skill advancement training for them, and provide them with a designated space for rest and socializing.

We also attach great importance to the personal growth and career development of technicians. We prioritize their skill enhancement through training programs and provide incentives to encourage technicians to obtain the required qualifications. We track the performance of our technicians using service metrics to encourage them to continue learning, actively improve their skills and maintain a positive attitude towards their work. For technicians who have developed strong leadership benefitting from our technician empowerment system, we offer them the opportunity to join us as our employees and manage frontline operations in local markets, opening up career advancement options rarely found in this traditional industry. We firmly strive to empower all technicians to pursue personal growth and achieve continuous success in their careers.

Ensuring the safety of our partner technicians is of utmost importance to us. To enhance safety awareness among partner technicians and prioritize their well-being, we have established comprehensive safety management measures covering safety education and awareness. In order to mitigate risks and provide additional protection, we have also procured insurance coverage on behalf of our technicians. We have established a team responsible to help file technicians' insurance claims, if any, and maintain safe insurance records to ensure their rights and interests are protected. During the Track Record Period, certain technicians on our platform did not hold the requisite special operation work certificates in fulfilling the orders facilitated through our platform. Such practices are detrimental to the safety of partner technicians and may, should the accidents occur, lead to lawsuits filed against us by consumers or technicians, and subsequent negative publicity harming our reputation and brand image. To ensure the safety of our technicians, we have formulated a comprehensive plan to implement stringent internal control policies and procedures to ensure all technicians who engage in special operation work for the orders on our platform possess the requisite certificates, and we expect to fully implement such measures prior to the [**REDACTED**]. See "— Technicians on Our *Woodpecker* Platform — Technicians Engaging in Special Operation Work" for more details.

We also send thoughtful messages to technicians through our *Woodpecker* Technician App on significant occasions, such as their first day on our platform and important festivals. In times of adverse weather conditions, we take proactive measures to ensure technician safety by issuing timely alerts and safety reminders. Moreover, we organize annual dinners where our senior management joins technicians in celebrating the Chinese New Year, fostering camaraderie and solidarity.

Employee Well-being and Diversity

We continuously invest in the training and career development of our employees. We have established a comprehensive training and development system covering corporate culture, employee rights and responsibilities, job performance, technical skills and safety management. In 2023, we provided approximately 320 hours of training with over 900 cumulative attendees. In the six months ended June 30, 2024, we provided approximately 470 hours of training with nearly 500 cumulative attendees. We also support the health and well-being of our employees. We provide various benefits and perks to our employees, such as medical check-ups, team-building events, technology allowances, as well as gifts for holidays, birthdays and other special occasions.

We also foster inclusion and equality among employees from all backgrounds, regardless of age, gender, disability, and citizenship status, among others. As of June 30, 2024, approximately 57.7% of our employees are female. We believe that diversity, including but not limited to gender diversity, is important to us in thriving in the business environment.

Business Ethics

We are committed to shaping our corporate governance and culture to a high standard. We believe good governance and healthy culture are essential to our employees' well-being as well as our business development. To this end, we have put in place a series of internal regulations to set forth the guidelines for compliance with laws and regulations and promote honest and ethical conduct, including our anti-corruption compliance policy, internal control system and internal control evaluation guide.

LEGAL PROCEEDINGS

During the Track Record Period and up to the Latest Practicable Date, we had not been a party to, and were not aware of any threat of, any legal, arbitral or administrative proceeding, which, in our opinion, would likely have a material and adverse effect on our business, financial condition or results of operations. We have been, and may from time to time, be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our Business and Industry — We may be involved in legal and other disputes from time to time arising out of our operations, which, with or without merit, could be time-consuming and costly, divert our management's attention and resources, and adversely affect our reputation, business, results of operations and financial condition."

REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we did not commit any non-compliance of laws and regulations which individually or in the aggregate, in the opinion of our Directors, would have a material and adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, save as set out below, we had complied with the relevant laws and regulations in all material respects.

Social Insurance and Housing Provident Funds

During the Track Record Period and as of the Latest Practicable Date, we had not made social insurance and housing provident fund contributions for some of our employees in full in accordance with the relevant PRC laws and regulations, primarily because (i) certain of our employees are migrant workers who are typically not willing to participate in the social welfare schemes of the city where they temporarily reside as such contributions are not transferable among cities, and (ii) certain employees were not willing to bear the costs associated with social insurance and housing provident funds strictly in proportion to their salary.

According to relevant PRC laws and regulations, (a) in respect of outstanding social insurance contributions, the relevant PRC authorities may demand us to pay the outstanding social insurance contributions within a stipulated deadline and we may be liable to a late payment fee equal to 0.05% of the outstanding amount for each day of delay; if we fail to make such payments, we may be liable to a maximum fine or penalty equivalent to three times the amount of the outstanding contributions; and (b) in respect of outstanding housing provident fund contributions, we may be ordered to pay the outstanding housing provident fund contributions within a prescribed time period; if the payment is not made within such period, the housing provident fund management center may make an application for compulsory enforcement to PRC courts. As advised by our PRC Legal Advisor, if any of the relevant housing reserve fund authorities or social insurance authorities is of the view that our contributions to the housing reserve fund or social insurance contributions we made for our employees do not satisfy the requirements under the relevant PRC laws and regulations, it may order us to pay the outstanding balance within a prescribed period. Certain of our PRC major subsidiaries have obtained written confirmations from competent local authorities that these subsidiaries currently have no overdue or outstanding payments of social insurance and housing provident fund contributions and have not been subject to any administrative penalties in the past in relation to social insurance and housing provident funds. Based on the foregoing, our PRC Legal Advisor is of the view that for subsidiaries with such confirmation, the risk that we will be required by relevant PRC authorities to pay any shortfall in social insurance and housing provident fund contributions or be penalized for failing to make adequate contributions is remote. For our other subsidiaries, we estimate that the shortfall of social insurance and housing provident fund contributions was approximately RMB5.6 million, RMB6.6 million, RMB6.5 million and RMB4.0 million in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively, and we have made full provision of such contribution shortfall for the respective year/period. For related risks, see "Risk Factors — Risks Relating to Our Business and Industry — We may be required by relevant government authorities to contribute additional social security and housing provident funds contributions, or be imposed of late payment fees or fines." We undertake that, if we were ordered to make such payment, we will do so within the prescribed time period. Also, we undertake to fully rectify and make full contributions of social insurance and housing provident funds as soon as practicable under local practices, and disclose the status in our annual report(s) in due course.

Having considered the foregoing, our Directors believe that such non-compliance is common in China and would not have a material and adverse effect on our business and results of operations, considering that: (i) we had obtained compliance confirmations from certain local competent government authorities; (ii) we had not been subject to any material administrative penalties with respect to our social insurance and housing provident funds contributions during Track Record Period and up to the Latest Practicable Date; (iii) as of the Latest Practicable Date, we had not received any notification from the relevant PRC authorities requiring us to pay material shortfalls or the penalties with respect to social insurance and housing provident funds; (iv) we were not aware of any material employee complaints nor were involved in any material labor disputes with our employees with respect to social insurance and housing provident funds during the Track Record Period and up to the Latest Practicable Date; and (v) we have made provisions for the contribution shortfall.

We have taken the following rectification measures to prevent future occurrences of such non-compliance:

- We have been working to enhance our human resources management policies, which will explicitly require social insurance and housing provident fund contributions to be made in full in accordance with applicable local requirements;

- We are in the process of communicating with our employees with a view to seeking their understanding and cooperation in complying with the applicable payment base, which also requires additional contributions from our employees;

- We have designated our human resources department to review and monitor the reporting and contributions of social insurance and housing provident fund on a monthly basis;

- We will keep abreast of latest developments in PRC laws and regulations in relation to social insurance and housing provident funds; and

- We will consult our PRC legal counsel on a regular basis for advice on relevant PRC laws and regulations to keep us abreast of relevant regulatory developments.

Payment Services

According to the Regulation on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) which was promulgated by the State Council on December 9, 2023, effective on May 1, 2024, the establishment of a non-bank payment institution shall be subject to the approval of the PBOC, and a payment business permit shall be obtained. Non-bank payment institutions that are illegally established without approval by PBOC, or those engaging in payment business directly or in a disguised form, shall be banned by the PBOC.

During the Track Record Period and as of the Latest Practicable Date, we cope with the billing, payment and settlement functions on our platform pursuant to agreements between us and two PRC licensed commercial bank (the "Cooperation Banks"). Consumers utilizing our platform to find technicians typically make payments for fulfilled service orders to a designated account with the Cooperation Banks either directly or through online payment processors. We typically settle payments with partner technicians by crediting the payments to their accounts in seven days, after deducting our service fees. Such arrangement may expose us to the risk that we may be perceived to control the settlement process with partner technicians by giving instructions to the Cooperation Banks and therefore be deemed to engage in the payment services which would require a Payment Business Permit. If the PBOC or other governmental authorities deem the payment methods we offered not to be in compliance with applicable laws and regulations, we may be subject to regulatory actions, investigations, fines and penalties. For related risks, see "Risk Factors — Risks Relating to Our Business and Industry — We may be considered as conducting payment services as a non-financial institution without a payment business permit."

During the Track Record Period and up to the Latest Practicable Date, we had not been required by the relevant regulatory authorities to obtain a Payment Business Permit for our past settlement practice, nor had we received any administrative penalty in connection with our past settlement practice or otherwise been determined to be in violation of the above-described regulations and rules. As advised by our PRC Legal Advisor, the risk that our cooperation with such bank may be deemed as payment and settlement services without a Payment Business Permit under the relevant PRC laws and regulations is remote, as (i) it is the Cooperation Banks, not us, who provides settlement services, considering that (a) the relevant payments are held in an independent account which is opened by the Cooperation Banks and separate from our own account, and (b) during settlement of payments, the Cooperation Banks independently verifies settlement instructions through multiple measures; (ii) as confirmed by the Cooperation Banks, (a) the services it provides to us have been filed with the local PBOC, and (b) our cooperation with them does not constitute payment services provided by licensed institutions for unlicensed institutions which was forbidden by the Notice on further strengthening the rectification of unlicensed Payment Business (《關於進一步加強無證經營支付業務整治工作的通知》) issued by PBOC; and (iii) we have not been subject to any notification, investigation or penalty relevant to payment services without permit or been determined by relevant authorities to be in violation of the Regulation on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) and relevant laws and regulations.

To ensure our compliance with settlement practice in the future, we have implemented several internal control measures. In particular, we will regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the jurisdictions we operate, to ensure we have the up-to-date understanding with the applicable requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

We have devoted ourselves to establishing and maintaining risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continuously improving these systems.

Financial Reporting Risk Management

We have in place a set of accounting policies in connection with our financial reporting risk management, including accounting manual, budget management policies, treasury management policies, expense management policies, and employee reimbursement policies. We have various procedures and IT systems in place to implement our accounting policies, and our finance department reviews our management accounts based on such procedures. For example, we implement our budget plan through the IT system and continuously track various operating expenses for effective monitoring. Our system makes timely warning of the risk of cost overruns. We also provide regular training to our finance department employees to ensure that they understand our financial management and accounting policies and implement them during daily operations.

Information System Risk Management

Sufficient maintenance, security and protection of our data and other related information are critical to our business. We have implemented various internal procedures and controls to ensure that our data are protected and that leakage and loss of any information is avoided. Our operations team and data security team are responsible for monitoring the operation of our information system in real time. They regularly perform data recovery tests and use cyber attack simulations to improve our data protection capability.

Human Resources Risk Management

We have in place an employee handbook and a code of conduct which have been distributed to all of our employees. The handbook contains internal rules and guidelines regarding anti-corruption, conflicts of interests, confidentiality and intellectual property protection, work ethics, and fraud prevention mechanisms. We provide employees with regular training as well as guidance on the requirements contained in the employee handbook.

We have in place an anti-bribery and corruption policy to safeguard against any corruption within our Company. The policy explains potential bribery and corruption conduct and our anti-bribery and corruption measures. We make our internal reporting channel open and available for our employees to report any bribery and corruption acts to the head of internal audit on an anonymous basis.

Regulatory Compliance Risk Management

We are subject to evolving regulatory requirements in the PRC, including requirements to obtain and renew certain licenses, permits, approvals and certificates for our business operations in different regions. In order to manage our ongoing compliance with the laws and regulations applicable to our business effectively, we have implemented several internal control measures. In particular, we designated personnel to regularly monitor changes in laws, regulations and policies issued by the relevant government authorities in the regions we operate to ensure we obtain requisite licenses to operate our business and we have the up-to-date understanding with the applicable requirements. In addition, we monitor and review the status of our licenses and permits on a regular basis. We continually improve our internal policies according to changes in laws, regulations and industry standards, and update our internal protocols accordingly.

Internal Audit

We maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the Audit Committee and senior management on any issues identified. Our internal audit department members hold regular meetings with management to discuss any internal control issues we face and the corresponding measures to solve such issues. The internal audit department reports to the Audit Committee to ensure that any major issues identified are channeled to the committee on a timely basis. The Audit Committee then discusses the issues with, and reports to, the Board, if necessary.

OVERVIEW

Upon [**REDACTED**], transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSON

We [have] entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon [**REDACTED**]:

Connected Persons	Connected Relationship
China Dotman	A company controlled by Mr. Xiao Qingping, our non-executive Director, and therefore a connected person of our Company under Rule 14A.12(1) of the Listing Rules
Beijing 58 Information Technology Co., Ltd. (北京五八信息技術有限公司)	A company controlled through contractual arrangements by 58.com Inc., our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(3) of the Listing Rules
Ruiting Network Technology (Shanghai) Co., Ltd. (瑞庭網絡技術(上海)有限公司)	A company controlled by 58.com Inc., our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(3) of the Listing Rules
Tianjin Haodaojia Information Technology Co., Ltd. (天津好到家信息技術有限公司) ("Tianjin Haodaojia")	A company controlled through contractual arrangements by 58 Daojia Inc., a company held as to more than 50% by 58.com Inc., our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(3) of the Listing Rules
Wuxi Wuba Yuejia Information Technology Co., Ltd. (無錫五八悅家信息技術有限公司) ("Wuxi Wuba")	A subsidiary of 58.com Inc., our substantial shareholder, and therefore a connected person of our Company under Rule 14A.13(3) of the Listing Rules

CONNECTED TRANSACTIONS

A. Fully-exempt Continuing Connected Transactions

China Dotman Agency Service Framework Agreement

Our Company entered into the agency service framework agreement (the "China Dotman Agency Services Framework Agreement") with China Dotman on [●], 2024, pursuant to which, China Dotman agreed to provide us with agency service, including but not limited to promoting our services by distributing coupons on the platforms or Apps operated by the major telecom operators in China. The term of the China Dotman Agency Service Framework Agreement will commence on the [**REDACTED**] and end on [December 31, 2026].

We started our cooperation with China Dotman since 2023. The historical amounts for the year ended December 31, 2023 and the six months ended June 30, 2024 were approximately RMB6 thousand and RMB7 thousand, respectively, and the expected transactions amounts would be less than RMB0.5 million each year during the term of the agreement.

China Dotman is a value-added telecommunications services platform in China that cooperates with major mobile telecom operators in China to provide its consumers with a variety of information services through short message services, multimedia messaging services, ring tones and etc. By cooperating with China Dotman, the Group is able to benefit from the existing resources and business network of China Dotman to market its branding and promote its services. In addition, the terms offered by China Dotman to our Group are no less favorable than those offered to us by service providers that are Independent Third Parties, and the cooperation between our Group and China Dotman under the China Dotman Agency Service Framework Agreement are entered into in the ordinary and usual course of our business and are on normal commercial terms, fair and reasonable and in the interests of our Shareholders as a whole.

As the highest applicable percentage ratio of the transactions contemplated under the China Dotman Agency Service Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is expected to be less than 0.1% on an annual basis, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

Wuba Group Workplace Maintenance Services Framework Agreement

Our Company entered into the workplace maintenance services framework agreement (the "Wuba Group Workplace Maintenance Services Framework Agreement") with Beijing 58 Information Technology Co., Ltd. (北京五八信息技術有限公司) and Ruiting Network Technology (Shanghai) Co., Ltd. (瑞庭網絡技術(上海)有限公司) (collectively, "Wuba Group"), on [●], 2024, pursuant to which, we agree to provide workplace maintenance services to Wuba Group, including but not limited to cleaning, maintenance and repair of office appliances. The term of the Wuba Group Workplace Maintenance Services Framework Agreement will commence on the [**REDACTED**] and end on [December 31, 2026].

We started to provide workplace maintenance services to Wuba Group since March 2024. The historical transaction amount incurred in the six months ended June 30, 2024 amounted to approximately RMB0.3 thousand and the expected aggregated transactions amounts for Wuba Group would be less than RMB0.5 million each year during the term of the agreement.

Wuba Group is controlled by 58.com Inc., one of the leading online classifieds platforms in China that connects its consumers with local businesses through a number of platforms, including multi-content category online classifieds platform and online recruitment platform. By cooperating with Wuba Group, the Group is able to achieve its commercialization for B-end users and therefore broaden the revenue channels. In addition, the terms offered by us to Wuba Group are no more favorable than those offered by us to other Independent Third Parties, and the cooperation between our Group and Wuba Group under the Wuba Group Workplace Maintenance Services Framework Agreement are entered into in the ordinary and usual course of our business and are on normal commercial terms, fair and reasonable and in the interests of our Shareholders as a whole.

As the highest applicable percentage ratio of the transactions contemplated under the Wuba Group Workplace Maintenance Services Framework Agreement calculated for the purpose of Chapter 14A of the Listing Rules is expected to be less than 0.1% on an annual basis, such transactions will be fully exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

B. Partially-Exempt Continuing Connected Transactions

Tianjin Haodaojia Agency Service Framework Agreement

Our Company entered into the agency service framework agreement (the "Tianjin Haodaojia Agency Service Framework Agreement") with Tianjin Haodaojia on [●], 2024, pursuant to which, Tianjin Haodaojia and its associates agreed to promote our services by providing access to our services on their platforms including but not limited to the Swan Daojia mobile application, Swan Daojia website (**www.daojia.com**), Swan Daojia Express mobile apps, Swan Daojia official WeChat account, service account or mini-app, Swan Daojia Business Edition mobile apps and service customer hotline. The term of the Tianjin Haodaojia Agency Service Framework Agreement will commence on the [**REDACTED**] and end on [December 31, 2026].

Reasons and benefits for the transaction

Tianjin Haodaojia is a consolidated affiliated entity of 58 Daojia Inc., one of the leading online platforms in China that provides home services spanning from maternity nurse, housekeeping, repair and maintenance services, to training services and SaaS-based solutions through the brand Swan Daojia (天鵝到家). By cooperating with Tianjin Haodaojia, the Group is able to benefit from the platform-based resources to market its branding and promote its services. In addition, the terms offered by Tianjin Haodaojia to our Group are no less favorable than those offered to us by service providers that are Independent Third Parties, and the Tianjin Haodaojia Agency Service Framework Agreement are entered into in the ordinary and usual course of our business and are on normal commercial terms, fair and reasonable and in the interests of our Shareholders as a whole.

Pricing basis

In relation to the agency services offered to us by Tianjin Haodaojia and its associates, Tianjin Haodaojia will charge service fees as a percentage of the actual sales amount generated through their platforms as their commission. The applicable commission rate would be determined through separate purchase order or agreement, and will range from approximately 10% to 12%, which is generally in line with the rate offered by Tianjin Haodaojia to their other business partners. The commission rate would be determined based on, among other things, the estimated sales amount of the Group, market standards and mutual negotiation between the Group and Tianjin Haodaojia. To ensure that the commission rate charged by Tianjin Haodaojia are on normal commercial terms and are fair and reasonable and in the interests of our Shareholders as a whole, our Group will, on an annual basis, assess our business needs and compare the commission rates proposed by Tianjin Haodaojia with the rates offered by other comparable service providers.

Historical figures, annual caps and basis of caps

We started our cooperation with Tianjin Haodaojia in 2016. In respect of the services provided by Tianjin Haodaojia to our Group, the historical transaction amounts were approximately RMB2.51 million, RMB2.35 million, RMB2.13 million and RMB0.81 million for the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively.

The proposed annual caps for the transactions contemplated under the Tianjin Haodaojia Agency Service Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are RMB2.23 million, RMB2.35 million and RMB2.46 million, respectively.

The annual cap was determined with reference to, among other things, (i) the historical transaction amount incurred for the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024; (ii) the historical commission rates charged by Tianjin Haodaojia with reference to the total sales generated through their platforms; and (iii) the demand of our Group for the relevant services to be provided by Tianjin Haodaojia and its associates in the years ending December 31, 2024, 2025 and 2026, which is estimated with reference to the historical transaction amount incurred and the historical commission rates charged, and taking into account the Group's future business needs.

Wuxi Wuba Traffic Acquisition Service Framework Agreement

Our Company entered into the traffic acquisition service framework cooperation agreement (the "Wuxi Wuba Traffic Acquisition Service Framework Agreement") with Wuxi Wuba on [●], 2024, pursuant to which Wuxi Wuba and its associates agreed to provide traffic acquisition services to our Group through displaying our services on the platforms they operate, including but not limited to the 58.com website (**www.58.com**), 58.com mobile site (including **wap.58.com**, **m.58.com**), 58.com mobile apps, and 58 Daojia mobile apps. The term of the Wuxi Wuba Traffic Acquisition Service Framework Agreement will commence on the [**REDACTED**] and end on [December 31, 2026].

Reasons and benefits for the transaction

Wuxi Wuba is a subsidiary of 58.com Inc., one of the leading online classifieds platforms in China that connects its consumers with local businesses through a number of platforms, including multi-content category online classifieds platform and online recruitment platform. By cooperating with Wuxi Wuba, the Group is able to benefit from the platform-based resources to market its branding and promote its services. In addition, the terms offered by Wuxi Wuba to our Group are no less favorable than those offered to us by service providers that are Independent Third Parties, and the cooperation between our Group and Wuxi Wuba under the Wuxi Wuba Traffic Acquisition Service Framework Agreement are entered into in the ordinary and usual course of our business and are on normal commercial terms, fair and reasonable and in the interests of our Shareholders as a whole.

Pricing basis

Under this Wuxi Wuba Traffic Acquisition Service Framework Agreement, Wuxi Wuba charges us for the traffic acquisition services based on a number of metrics, including the number of clicks and the customer conversion rate the Company makes periodic prepayment to Wuxi Wuba based on its estimated needs for the traffic acquisition services. With reference to our spending, Wuxi Wuba may offer certain rebate to us in the form of providing more credits for the traffic acquisition services and we can apply such credits for future purchases of the traffic acquisition services. The service fees charged by Wuxi Wuba and the rebate arrangement under the Wuxi Wuba Traffic Acquisition Service Framework Agreement are consistent with the terms provided by Wuxi Wuba in similar cooperation with other Independent Third Parties. To ensure that the service fees charged by Wuxi Wuba are on normal commercial terms and are fair and reasonable and in the interests of our Shareholders as a whole, our Group will, on an annual basis, assess our business needs and compare the fee arrangement proposed by Wuxi Wuba with those offered by other comparable service providers.

Historical figures, annual caps and basis of caps

We started our cooperation with the associate of Wuxi Wuba, namely 58 Tongcheng Information Technology Co., Ltd., for services under the aggregation platforms of 58.com Inc. in 2016. In 2021 and the first half of 2022, the Group paid commission for the traffic acquisition services to acquire service order leads and the internet platform services to acquire service orders under the aggregation platforms of 58.com Inc. In around August 2022, the Group ceased to purchase internet platform services to acquire service orders. The historical transaction amounts were approximately RMB23.9 million, RMB22.2 million, RMB17.8 million and RMB6.0 million for the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively.

The proposed annual caps for the transactions contemplated under the Wuxi Wuba Traffic Acquisition Service Framework Agreement for the years ending December 31, 2024, 2025 and 2026 are RMB14.0 million, RMB13.5 million and RMB13.0 million, respectively.

The annual cap was determined with reference to, among other things, (i) the historical transaction amount incurred for the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024; (ii) the historical fee arrangements with reference to the total purchases by our Group of the traffic acquisition services; and (iii) the estimated demand of our Group for the relevant services to be provided by Wuxi Wuba and its associates in the years ending December 31, 2024, 2025 and 2026.

Listing Rules implications

As the Tianjin Haodaojia Agency Service Framework Agreement and the Wuxi Wuba Traffic Acquisition Service Framework Agreement are related to the provision of agency and traffic acquisition services and entered into between our Group and the subsidiaries and consolidated entities of 58.com Inc. within a 12-month period, the transactions contemplated thereunder shall be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio of the transactions under the Tianjin Haodaojia Agency Service Framework Agreement and the Wuxi Wuba Traffic Acquisition Service Framework Agreement for each of the three years ending December 31, 2026 calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 0.1%, but less than 5%, on an annual basis, such transactions will, upon [**REDACTED**], constitute continuing connected transactions of the Company subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

Waiver Application

We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver to us under Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under the Listing Rules in respect of the transactions contemplated under the Tianjin Haodaojia Agency Service Framework Agreement and the Wuxi Wuba Traffic Acquisition Service Framework Agreement. See "Waivers — Connected Transactions" for further details.

C. Contractual Arrangements

Background for the Contractual Arrangements

As disclosed in "Contractual Arrangements", due to regulatory restrictions on foreign ownership in the PRC, we conduct our business through the Consolidated Affiliated Entities in the PRC.

We hold 50% equity interests in our Consolidated Affiliated Entities. The Contractual Arrangements entered into among WFOE, Consolidated Affiliated Entities and the Registered Shareholders enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by WFOE to our Consolidated Affiliated Entities; (ii) exercise effective control over our Consolidated Affiliated Entities to conduct the Relevant Business; and (iii) hold an exclusive purchase option to purchase all or any part of equity interests in and/or the assets of our Consolidated Affiliated Entities when and to the extent permitted by the PRC laws and regulations.

See "Contractual Arrangements" for detailed terms of the Contractual Arrangements.

Listing Rules implications

As the Registered Shareholders, namely Mr. Wang, Ms. Wang and Mr. Zhu are our connected persons, the transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Group and are subject to reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by our Consolidated Affiliated Entities and any member of our Group from time to time (including Consolidated Affiliated Entities) (the "New Intergroup Agreements") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that given that our Group is placed in an unique situation under the connected transactions rules in relation to the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all such transactions to be subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, the announcement, annual reporting, and independent Shareholders' approval (including recommendation from an independent financial adviser requirements.

Application for and Conditions of Waiver

In relation to the Contractual Arrangements, we have applied to the Stock Exchange pursuant to Rule 14A.105 of the Listing Rules for, and the Stock Exchange [has granted], a waiver from (i) strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions under the Contractual Arrangements; (ii) setting a maximum aggregate annual value, i.e. an annual cap, under Rule 14A.53 of the Listing Rules for the fees payable to WFOE from our

Consolidated Affiliated Entities under the Contractual Arrangements; and (iii) fixing the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as our Shares are [**REDACTED**] on the Stock Exchange subject to the following conditions:

(a) No Change without Independent Non-executive Directors' Approval

No changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

(b) No Change without Independent Shareholders' Approval

Save as described in paragraph (d) below, no changes to the terms of any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent Shareholders. Once the independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders, will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company (as set out in paragraph (c) below) will however continue to be applicable.

(c) Economic Benefits Flexibility

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through: (i) our Group's potential right (if and when so allowed under the applicable PRC laws) to acquire the equity interests in and/or assets of the Consolidated Affiliated Entities for a nominal price or the minimum amount of consideration permitted by applicable PRC laws and regulations; (ii) the business structure under which the total income generated by the Consolidated Affiliated Entities (net of costs, taxes and retained profits (if any)) is substantially retained by us (such that no annual caps shall be set on the amount of services fees payable to WFOE under the relevant exclusive business cooperation agreement); and (iii) our right to control the management and operation of, as well as, in substance, a substantial portion of the voting rights of our Consolidated Affiliated Entities.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and our subsidiaries in which our Company has direct shareholding, on one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as described under "Contractual Arrangements" in this document. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish when justified by business expediency will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as our Group's connected persons and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to the relevant PRC laws, regulations and approvals.

The Company undertakes to consult with the Stock Exchange and seek its guidance before entering into any continuing connected transactions related to the renewal or reproduction of the Contractual Arrangements after the [**REDACTED**].

(e) Ongoing Reporting and Approvals

We will disclose details relating to the Contractual Arrangements on an ongoing basis as follows:

(i) The Contractual Arrangements in place during each financial period will be disclosed in our annual report and accounts in accordance with the relevant provisions of the Listing Rules.

(ii) Our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our annual report and accounts for the relevant year that: (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements; (ii) no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group; and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period under paragraph (d) above are fair and reasonable, or advantageous, so far as our Group is concerned and in the interests of the Company and the Shareholders as a whole.

(iii) Our auditors will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to our Directors with a copy to the Stock Exchange confirming that the transactions carried out pursuant to the Contractual Arrangements have received the approval of our Directors and that no dividends or other distributions have been made by the Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned/transferred to our Group.

(iv) For the purposes of Chapter 14A of the Listing Rules, and in particular the definition of "connected person," the Consolidated Affiliated Entities will be treated as the Company's wholly-owned subsidiaries, and the directors, chief executives or substantial shareholders (as defined in the Listing Rules) of the Consolidated Affiliated Entities and their associates (excluding for this purpose, the Consolidated Affiliated Entities) will be treated as the Company's "connected persons." As such, transactions between these connected persons and our Group (including, for this purpose, the Consolidated Affiliated Entities) other than those under the Contractual Arrangements shall comply with Chapter 14A of the Listing Rules.

The Consolidated Affiliated Entities further undertake that, for so long as the Shares are [**REDACTED**] on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our auditors with full access to its relevant records for the purpose of procedures to be carried out by our auditors' on the connected transactions.

DIRECTORS' CONFIRMATION

Our Directors (including our independent non-executive Directors) are of the view that (i) the continuing connected transactions described in this section have been entered into in the ordinary and usual course of our business, on normal commercial terms or better, which are fair and reasonable and in the interests of our Shareholders as a whole; (ii) the proposed annual caps (if any) of the continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole; and (iii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

JOINT SPONSORS' CONFIRMATION

Based on the documentation, information and data (including historical transaction amounts) provided by the Company and participation in the due diligence and discussion with the Company, the Joint Sponsors are of the view that (i) the continuing connected transactions for which a waiver has been sought have been and will be entered into in the Company's ordinary and usual course of business on normal commercial terms or better, that are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole; (ii) the proposed annual caps (if any) of the continuing connected transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Joint Sponsors are also of the view that with respect to the terms of the relevant agreements underlying the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by WFOE; (ii) WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities; and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented, on an uninterrupted basis.

BOARD OF DIRECTORS

As at the date of this document, our Board of Directors comprises seven Directors, including three executive Directors, one non-executive Directors and three independent non-executive Directors. Our executive Directors, non-executive Directors and independent non-executive Directors will be subject to appointment and removal at the annual general meetings of our Company by ordinary resolution in accordance with the Articles of Association.

The following table sets out information in respect of the Directors of our Company:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Mr. Wang Guowei (王國偉)	48	Executive Director, chairman of the Board and chief executive officer	Overall strategic planning, business direction and overall management of our Group	April 2004	September 2023
Mr. Zhu Hongkun (朱紅坤)	50	Executive Director and president	Overall management and supervision of online business of our Group	December 2014	January 2024
Ms. Zhang Wenjuan (張文絹).	36	Executive Director and director of management center	Overall management and supervision of management center of our Group	February 2011	January 2024
Mr. Xiao Qingping (肖慶平).	59	Non-executive Director	Providing professional advice, opinion, and guidance to our Board	December 2017	January 2024

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a Director
Mr. Liu Jining (劉吉寧)	40	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	January 2024	January 2024
Dr. Wang Lin (王林).	55	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	[**REDACTED**]	January 2024 (effective from the [**REDACTED**])
Mr. Li Bo (李博) .	38	Independent non-executive Director	Supervising and providing independent opinion and judgement to the Board	[**REDACTED**]	January 2024 (effective from the [**REDACTED**])

EXECUTIVE DIRECTORS

Mr. Wang Guowei (王國偉), aged 48, is our founder, executive Director, the chairman of the Board and the chief executive officer. Mr. Wang joined our Group in April 2004. He was appointed as a Director on September 11, 2023, and re-designated as our executive Director on January 28, 2024. Mr. Wang is primarily responsible for the overall strategic planning and business direction and day-to-day management of our Group.

Mr. Wang has accumulated around two decades of experience in the home maintenance and repair industry in China since he established the sole proprietorship engaged in the repair and maintenance of refrigeration equipments in Chongqing in April 2004. In December 2014, with his forward-thinking awareness of the industry trend, Mr. Wang established Chongqing Woodpecker in December 2014. Mr. Wang was granted the award Top 10 Economic Figures of Liangjiang NewArea (十大兩江新區經濟年度人物) in the year of 2020 in recognition of his contributions to the area and representation of entrepreneurship. Mr. Wang also received the certificate of "Enterprise Management Talent Quality Enhancement Project – Leading Talent Training Program for Small and Medium-sized Enterprise Management" from MIIT in December 2020. In 2022, Mr. Wang and Chongqing Woodpecker were granted the Ram Charan Management Practice Award for Innovation, Entrepreneurship and Practice in acknowledgement of the contributions brought by Chongqing Woodpecker's home maintenance and repair services in the digitally-driven modern service industry.

Mr. Wang graduated from the School of Continuing Education, Chongqing University (重慶大學繼續教育學院) in the PRC in December 2020.

Mr. Zhu Hongkun (朱紅坤), aged 50, is our co-founder, executive Director and president. Mr. Zhu joined our Group in December 2014. He was appointed as a Director on January 3, 2024, and re-designated as our executive Director on January 28, 2024. Mr. Zhu is primarily responsible for day-to-day management and supervision of online business of our Group.

Prior to joining our Group, Mr. Zhu then subsequently served as a publisher at New Culture Newspaper (新文化報社), China Business Daily (《華商報社》) and Chongqing Daily (重慶時報社) (currently known as the Publicity and Service Center of the Chongqing Federation of Trade Unions (重慶市總工會宣傳服務中心)), the subsidiaries of Shanxi Huashang Media Co., Ltd. (陝西華商傳媒集團有限公司), from September 1998 to November 2014.

Mr. Zhu received a bachelor's degree in engineering geophysics from Guilin College of Technology (桂林工學院) (currently known as Guilin University of Technology (桂林理工大學)) in the PRC in July 1996.

Ms. Zhang Wenjuan (張文絹), aged 36, is our executive Director and director of management center. She was appointed as our executive Director on January 28, 2024. Ms. Zhang joined our Group in February 2011 as a marketing manager at Chongqing Woodpecker Electrical Appliances Co., Ltd. (重慶市啄木鳥電器公司) (currently known as Woodpecker (Chongqing) Electromechanical Engineering Co., Ltd. (啄木鳥(重慶)機電工程有限公司)), an indirectly wholly-owned subsidiary of our Company established in 2009 to mainly provide traditional offline home appliance repair and maintenance services prior to the Group's digital transformation, and was subsequently promoted to general manager in January 2014. From March 2017 to September 2021, Ms. Zhang served as the manager of order operation center at Chongqing Woodpecker and was promoted to the director of management center in October 2021. She is primarily responsible for overall management and supervision of management center of our Group, which is the department in charge of human resources management, organizational structure management, publication and management of internal policies and general administration of the Group.

Ms. Zhang obtained an associate degree major in e-commerce from Southwest University (西南大學) in the PRC in December 2009.

NON-EXECUTIVE DIRECTORS

Mr. Xiao Qingping (肖慶平), aged 59, is our non-executive Director. Mr. Xiao joined our Group in December 2017 as a director of Chongqing Woodpecker. He was appointed as a Director on January 3, 2024, and re-designated as our non-executive Director on January 28, 2024. Mr. Xiao is primarily responsible for providing professional advice, opinion, and guidance to our Board.

Mr. Xiao has over two decades of experience in consulting and management. In addition to his position at our Group, since 2001 Mr. Xiao also serves as the director, chairman of the board and general manager at China Dotman, a company whose shares are quoted on the National Equities Exchange and Quotations System (430093.NQ). From March 2019 to March 2024, he served as the director of Shanghai Xiaolan Technology Co., Ltd. (上海小瀾科技有限公司). Mr. Xiao also serves as the director in multiple companies, including those as set out below:

Name of Company	Period of Service
Hainan Tianming Agricultural Environmental Protection Technology Co., Ltd. (海南天明農業環保科技股份有限公司)	Since April 2018
Bailing Evergreen (Beijing) Technology Co., Ltd. (百齡常青(北京)科技有限公司)	Since October 2022

Mr. Xiao received a master's degree in international business management from University of International Business and Economics (對外經濟貿易大學) in the PRC in June 1991.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Jining (劉吉寧), aged 40, was appointed as an independent non-executive Director on January 3, 2024. Mr. Liu is primarily responsible for supervising and providing independent opinion and judgement to the Board.

Prior to joining our Group in January 2024, Mr. Liu served as a senior accountant at Ernst & Young (China) Advisory Limited (安永(中國)企業諮詢有限公司) from May 2011 to January 2012, primarily responsible for advising clients by conducting due diligence on the financial situation of target companies in major equity investments and mergers and acquisitions. From January 2012 to January 2015, Mr. Liu joined J.P. Morgan First Capital Securities Co., Ltd. (第一創業摩根大通證券有限責任公司) (currently known as First Capital Investment Banking Co., Ltd. (第一創業證券承銷保薦有限責任公司)) and then served in the investment banking department at Morgan Stanley Securities (China) Co., Ltd. (摩根士丹利證券(中國)有限責任公司) from February 2015 to December 2017, primarily responsible for advising clients on financial and corporate strategic management, financing, mergers and acquisitions and assisting clients in executing transactions. From March 2018 to April 2023, Mr. Liu served as an executive director of investment banking department at Goldman Sachs (China) Securities Co., Ltd. (高盛(中國)證券有限責任公司), primarily responsible for advising clients on financial and corporate strategic management, financing, mergers and acquisitions and assisting clients in executing transactions. Since April 2023, Mr. Liu serves as the chief financial officer of Jidu Auto Inc., primarily responsible for its overall accounting, funding, financial statements preparation and analysis, budgeting, as well as management of its legal affairs and government relations.

Mr. Liu received a bachelor's degree in economy and law from China University of Political Science and Law (中國政法大學) in the PRC in July 2008. Mr. Liu is a non-practicing member of the Chinese Institute of Certified Public Accountants. He is also qualified as a sponsor representative certified by Securities Association of China (中國證券業協會).

Mr. Liu possesses appropriate professional qualifications and accounting or related financial management expertise required under Rule 3.10(2) of the Listing Rules and confirms that he has gained such expertise through his experiences.

Dr. Wang Lin (王林), aged 55, was appointed as an independent non-executive Director on January 28, 2024 (effective from the [**REDACTED**]). Dr. Wang Lin is primarily responsible for supervising and providing independent opinion and judgement to the Board.

Dr. Wang Lin has over 18 years of experience in teaching and research. His research has primarily concentrated on urban and real estate economics, specifically exploring topics such as public housing and commercial real estate. Dr. Wang Lin joined Management Science and Real Estate College (管理科學與房地產學院) of Chongqing University (重慶大學) as a lecturer in March 2005 and then promoted to associate professor and deputy director of the department of financial management. Currently, Dr. Wang Lin holds the positions of professor and the director of the department of financial management in Chongqing University. He also serves as the deputy director of Economy Construction and Management Center of Chongqing University (重慶大學建設經濟與管理中心).

Dr. Wang Lin received a bachelor's degree in engineering from Northwestern Polytechnical University (西北工業大學) in the PRC in July 1992. Dr. Wang then acquired a master's degree and a doctoral degree in economics from Sichuan University (四川大學) in the PRC in December 1999 and December 2004, respectively.

Mr. Li Bo (李博), aged 38, was appointed as an independent non-executive Director on January 28, 2024 (effective from the [**REDACTED**]). Mr. Li is primarily responsible for supervising and providing independent opinion and judgement to the Board.

Mr. Li worked at Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)) as a manager from September 2008 to January 2014. Mr. Li then served as the director of finance at Beijing Chukong Technology Co., Ltd. (北京觸控科技有限公司) from January 2014 to May 2016. Mr. Li served as the general manager of financial center at Archosaur Games Inc. (祖龍娛樂有限公司), a company listed on the Exchange (stock code: 9990.HK), from June 2016 to May 2022, and serves as the general manager at Beihai Longhao Venture Capital Co., Ltd. (北海龍灝創業投資有限公司), a wholly owned subsidiary of Archosaur Games Inc., since June 2022.

Mr. Li received a bachelor's degree major in public finance (tax) from Capital University of Economics and Business (首都經濟貿易大學) in the PRC in July 2008. Mr. Li then received a master's degree major in business management from Renmin University (中國人民大學) in the PRC in June 2015. Mr. Li is currently pursuing an executive master's degree in business administration from National University of Singapore and expects to receive the degree in 2025. Mr. Li has the AMAC fund practitioner qualification from the Asset Management Association of China (中國證券投資基金業協會) and is a non-practicing member of the Chinese Institute of Certified Public Accountants. Mr. Li is also an enrolled agent licensed by Internal Revenue Service and a member of the Association of International Accountants.

Further Information of our Directors

Save as disclosed above in this section, none of our Directors has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately prior to the Latest Practicable Date. Save as disclosed above in this section, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date. As of the Latest Practicable Date, save as disclosed in "C. Further Information about our Directors and Substantial Shareholders" in Appendix V, none of our Directors held any interest in the securities within the meaning of Part XV of the SFO. As of the Latest Practicable Date, save as disclosed, none of our Directors or senior management is related to other Directors or senior management of our Company.

SENIOR MANAGEMENT

Our senior management team is responsible for the overall management of our business operations. The table below shows certain information in respect of the senior management members of our Group:

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management
Mr. Wang Guowei (王國偉)	48	Executive Director, Chairman of the Board and chief executive officer	Overall strategic planning, business direction and overall management of our Group	April 2004	October 2009

Name	Age	Position	Roles and responsibilities	Date of joining our Group	Date of appointment as a senior management
Mr. Zhu Hongkun (朱紅坤)	50	Executive Director and president	Overall management and supervision of online business of our Group	December 2014	December 2014
Ms. Zhang Wenjuan (張文絹).	36	Executive Director and director of management center	Overall management and supervision of management center of our Group	February 2011	October 2021
Mr. Li Qilong (李奇隆)	38	Chief operating officer	Overall management and supervision of operations of our Group	November 2013	January 2020
Mr. He Guanghua (賀光華)	43	Chief technology officer	Overseeing and managing the operation and development of our Group's system and technology	September 2018	September 2018

Mr. Wang Guowei (王國偉), aged 48, is our founder, executive Director, the Chairman of the Board and the chief executive officer of our Company. For details of his biography, please see "— Executive Directors" in this section.

Mr. Zhu Hongkun (朱紅坤), aged 50, is our co-founder, executive Director and president. For details of his biography, please see "— Executive Directors" in this section.

Ms. Zhang Wenjuan (張文絹), aged 36, is our executive Director and director of management center. For details of her biography, please see "— Executive Directors" in this section.

Mr. Li Qilong (李奇隆), aged 38, has been our chief operating officer since January 2020 and is primarily responsible for the overall management and supervision of operations of our Group. Mr. Li joined our Group in November 2013 and was subsequently promoted to deputy general manager of Chongqing Woodpecker in July 2017.

Mr. Li received a bachelor's degree in information management and services from Southwest University of Science and Technology (西南科技大學) in the PRC in December 2009.

Mr. He Guanghua (賀光華), aged 43, has been our chief technology officer since September 2018 and is primarily responsible for overseeing and managing the operation and development of our Group's system and technology.

Prior to joining our Group in September 2018, Mr. He worked at Sina.com Technology (China) Co., Ltd. (新浪網技術(中國)有限公司) from August 2005 to June 2006. Afterward, Mr. He subsequently worked at Beijing BitAuto Interactive Technology Co., Ltd. (北京易車互聯信息技術有限公司), GZT Technology Co., Ltd. (國政通科技有限公司) and Chongqing Tianji Information Development Co., Ltd. Beijing Branch (重慶天極信息發展有限公司北京分公司) from August 2007 to January 2011. From February 2011 to January 2013, Mr. He worked Kuba Technology (Beijing) Co., Ltd. (庫巴科技(北京)有限公司). Mr. He then worked at Beijing Diaosi Times Information Technology Co., Ltd. (北京弟傲思時代信息技術有限公司) from June 2016 to June 2017. Subsequently, he served as the chief technology officer at Beijing Tonghui Bozhong Networking Technology Co., Ltd. (北京通匯博眾網絡科技有限公司) from July 2017 to June 2018.

Mr. He received a bachelor's degree major in mechanical design and manufacturing and automation from Central South University (中南大學) in the PRC in July 2006.

COMPANY SECRETARY

Ms. AU Wai Ching (區慧晶) is the company secretary of our Company and was appointed on January 28, 2024. Ms. Au joined SWCS Corporate Services Group (Hong Kong) Limited in January 2016 and currently serves as a senior manager in corporate services. She is an associate member of both the Hong Kong Chartered Governance Institute and the Chartered Governance Institute in the United Kingdom. She obtained her bachelor's degree in business management and her master's degree in professional accounting and corporate governance from the City University of Hong Kong in July 2012 and July 2016, respectively.

BOARD COMMITTEES

Our Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee and delegated various responsibilities to these committees, which assist our Board in discharging its duties and overseeing particular aspects of our Group's activities.

Audit Committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and to advise the Board. The Audit Committee comprises Mr. Liu Jining, Dr. Wang Lin and Mr. Li Bo. Mr. Liu Jining, our independent non-executive Director, has been appointed as the chairman of the Audit Committee and is the independent non-executive Director who possesses the appropriate professional accounting and related financial management expertise.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to review and make recommendations to the Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management. The Remuneration Committee comprises Mr. Li Bo, Dr. Wang Lin and Ms. Zhang Wenjuan. Mr. Li Bo, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, the following: (i) making recommendations to the Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) determining the delegated responsibility, the remuneration packages of individual executive Directors and senior management, or alternatively, making recommendations to the Board on such remuneration packages; and (iii) ensuring that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors and are designed to align their interests with those of Shareholders and to give our Directors incentives to perform at the highest levels.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the nomination committee are to make recommendations to the Board regarding the appointment of Directors and Board succession. The Nomination Committee comprises Mr. Wang, Dr. Wang Lin and Mr. Liu Jining. Mr. Wang, our executive Director and chairman of the Board, has been appointed as the chairman of the Nomination Committee.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Chairman of the Board and Chief Executive Officer

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Mr. Wang currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company if and when it is appropriate taking into account the circumstances of the Group as a whole. For further information relating to the Company's corporate governance measures, please see the section headed "Relationship with the Controlling Shareholders — Corporate Governance Measures."

Board Diversity Policy

The Board will adopt a board diversity policy (the "Board Diversity Policy") prior to the [**REDACTED**] in order to enhance the effectiveness of our Board and to maintain high standard of corporate governance. Pursuant to the Board Diversity Policy, the criteria in selecting candidates to our Board shall include, among others, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board. With regards to gender diversity on the Board, we recognize the particular importance of gender diversity and will endeavor to at least maintain one female representation on the Board. To ensure gender diversity of our Board in the long run, we will offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business. We also plan to promote gender diversity when recruiting staff at the mid to senior level so that the Company will have a pipeline of female senior management and potential successors to the Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, publicity and marketing, content development, investment and financing, accounting and financial management. They obtained degrees in various majors including business administration, e-commerce, mechanical design and manufacturing and automation, industrial economics, economy and law, and national economics. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Our board diversity policy is well implemented as evidenced by the fact that there are both male and female Directors ranging from 36 years old to 59 years old with different backgrounds and experiences.

The Nomination Committee is responsible for reviewing the diversity of the Board. After [**REDACTED**], the Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee will also include in successive annual reports a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

Anti-corruption and Whistle Blowing Policies

We are committed to acting with integrity, honesty, fairness, impartiality, and ethical business practices. We have adopted an anti-corruption policy to promote an ethical culture within our Group and have zero-tolerance for bribery and any act of corruption. Our Board and senior management also strive to promote an ethical culture within our Group. We have also adopted a whistle blowing policy that serves the purpose of establishing whistleblowing procedures for employees and other relevant external parties of our Group, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistleblowers from any kind of retaliation. All the information provided by the whistleblowers will be kept strictly confidential.

DIRECTORS' REMUNERATION

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonus) for our Directors for the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024 was approximately RMB2.3 million, RMB3.1 million, RMB6.4 million and RMB2.5 million, respectively. None of our Directors waived any remuneration during the aforesaid periods.

For the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, the five highest paid individuals of our Group included two, two, two and two Directors, respectively, whose remunerations are included in the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the relevant Directors set out above. For the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, the aggregate amount of fees, salaries, allowances, discretionary bonus, pension scheme contributions paid and benefits in kind granted to the remaining three, three, three and three highest paid individuals who are not our Directors were approximately RMB2.9 million, RMB3.4 million, RMB6.8 million and RMB2.8 million, respectively. For further details on the remuneration of the five highest paid individuals during the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024, see Note 13 of the Accountants' Report in Appendix I of this document.

Save as disclosed, no other payments have been paid or are payable, in respect of the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024 by our Company to our Directors or senior management.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

COMPLIANCE ADVISOR

We have appointed Altus Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise our Company, among others, in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and

(d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the compliance advisor will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The compliance advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

The term of the appointment will commence on the [**REDACTED**] and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10 of the Listing Rules

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, directly or indirectly, with our business and requires disclosure under Rule 8.10 of the Listing Rules.

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in January 2024, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, the Company was directly owned as approximately 13.27% and 10.48% by WANGW Holding Limited and WANGYH Holding Limited, respectively. WANGW Holding Limited was owned as to 99% by SHUNSHI Limited (an entity controlled by Mr. Wang through a trust), and 1% by WGW Individual Holding Limited (an entity directly wholly owned by Mr. Wang). WANGYH Holding Limited was owned as to 99% by SHUNSUI Limited (an entity controlled by Ms. Wang through a trust), and 1% by WYH Holding Limited (an entity directly wholly owned by Ms. Wang). On January 4, 2024, Mr. Wang, Ms. Wang and their respective controlled entities, namely, WANGW Holding Limited, SHUNSHI Limited, WGW Individual Holding Limited, WANGYH Holding Limited, SHUNSUI Limited and WYH Holding Limited (collectively, the "Intermediary Shareholding Entities"), entered into the Offshore AIC Agreement, pursuant to which Mr. Wang and Ms. Wang acknowledged that they have acted in concert in Chongqing Woodpecker's level prior to the Reorganization pursuant to the Onshore AIC Agreement, and agreed to act in concert for so long as they remain interested, directly or indirectly, in the Shares of our Company, consult each other and reach a consensus before voting at the board meetings and Shareholders' meetings of our Company. If parties to the Offshore AIC Agreement could not reach a consensus on a relevant issue, other parties shall act at the direction of Mr. Wang. See "History, Reorganization and Corporate Structure — Acting in Concert Arrangements" for details.

As of the Latest Practicable Date, the Company was directly owned as approximately 30.61% by the Tianjin Incentive Platforms in aggregate. Each of the Tianjin Incentive Platform was owned as to 99.99% by the relevant Chongqing Incentive Platform, and 0.01% by its general partner, Chongqing Niuniao, a company owned by Mr. Wang and Ms. Wang as to 50% and 50%, respectively. Chongqing Niuniao, as the general partner, carries out the daily operations of the Tianjin Incentive Platforms. See "Statutory and General Information — D. Incentive Platforms" in Appendix V to this Document for details.

Therefore, as of the Latest Practicable Date, Mr. Wang, Ms. Wang, the Intermediary Shareholding Entities, Chongqing Niuniao, Tianjin Incentive Platforms and Chongqing Incentive Platforms form a group of Controlling Shareholders who are interested in and control approximately 54.36% of the total issued share capital of our Company in aggregate. Immediately upon the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), our Controlling Shareholders will be interested in and control approximately [**REDACTED**]% of the total issued share capital of our Company and will remain as our Controlling Shareholders.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently of our Controlling Shareholders after the [**REDACTED**].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon [**REDACTED**], our Board will consist of seven Directors comprising three executive Directors, one non-executive Director and three independent non-executive Directors. See "Directors and Senior Management" in this document for details.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

(a) each Director is aware of his or her fiduciary duties as a director which require, among other things, that he acts for the benefit and in the interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(c) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions. In addition, the interested Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or any other proposal in which he or she or any of his or her close associates (as defined in the Articles) is materially interested in except for certain circumstances as set out in the Articles. See "Summary of the Constitution of the Company and Cayman Islands Companies Law" in Appendix IV for details; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. See "— Corporate Governance Measures" in this section below for further information.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to perform the managerial role in our Group independently.

Operational Independence

We operate independently of our Controlling Shareholders. Our Company (through our subsidiaries and our Consolidated Affiliated Entities) holds all relevant licenses and owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

Our Group has an independent financial reporting system and makes financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department for discharging the treasury function. More importantly, we have been and are capable of obtaining equity and debt financing from third parties.

As of the date of this document, there are no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates.

Based on the above, our Directors are of the view that our Directors and senior management are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders after the [**REDACTED**].

COMPETITION ISSUE UNDER RULE 8.10 OF THE LISTING RULES

Save and except for the interests of our Controlling Shareholders in our Company, its subsidiaries and the Consolidated Affiliated Entities, our Controlling Shareholders confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code, which sets out principles of good corporate governance.

Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interest. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and the Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of his associates has a material interest, the Controlling Shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with a Controlling Shareholder or any of his associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and our Controlling Shareholders (the "Annual Review") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions (with basis) on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Altus Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, immediately following completion of the [**REDACTED**], the Conversion and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the following persons will have an interest and/or short position in the Shares or underlying shares which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name of Shareholder	Capacity/Nature of interest	Number of shares held as of the Latest Practicable Date(1)	Approximate percentage of interests in our Company as of the Latest Practicable Date	Approximate percentage of interests in our Company upon the completion of the [REDACTED]
			(%)	*(%)*
WANGW Holding Limited(2)	Beneficial owner	13,272,769 (L)	13.27	[**REDACTED**]
SHUNSHI Limited(2) . . .	Interest in controlled corporation	13,272,769 (L)	13.27	[**REDACTED**]
Mr. Wang(2)(3)(5)	Interest in controlled corporations	43,881,030 (L)	43.89	[**REDACTED**]
	Interest of parties acting in concert	10,476,667 (L)	10.48	[**REDACTED**]
WANGYH Holding Limited(4)	Beneficial owner	10,476,667 (L)	10.48	[**REDACTED**]
SHUNSUI Limited(4) . . .	Interest in controlled corporation	10,476,667 (L)	10.48	[**REDACTED**]
Ms. Wang(3)(4)(5)	Interest in controlled corporations	41,084,928 (L)	41.09	[**REDACTED**]
	Interest of parties acting in concert	13,272,769 (L)	13.27	[**REDACTED**]
Tianjin Zhuojinke(5) . . .	Beneficial owner	22,344,377 (L)	22.35	[**REDACTED**]
Chongqing Niuniao(5) . .	Interest in controlled corporations	30,608,261 (L)	30.61	[**REDACTED**]
Dream Landing Holdings Limited(6)	Beneficial owner	11,680,523 (L)	11.68	[**REDACTED**]
58.com Inc.(6)	Interest in controlled corporations	16,133,106 (L)	16.13	[**REDACTED**]
Mr. Yao Jinbo(6)	Interest in controlled corporations	16,133,106 (L)	16.13	[**REDACTED**]
China Dotman(7)	Beneficial owner	7,482,540 (L)	7.48	[**REDACTED**]
Mr. Xiao Qingping(7) . . .	Interest in controlled corporation	7,482,540 (L)	7.48	[**REDACTED**]
Astrend V Beta Limited(8)	Beneficial owner	6,168,892 (L)	6.17	[**REDACTED**]
Mr. Koh Tuck Lye(8) . . .	Interest in controlled corporation	6,168,892 (L)	6.17	[**REDACTED**]

Notes:

(1) The number of shares held assuming that all of the Preferred Shares have been converted into the shares on a one-to-one basis, and the letter "L" denotes the person's long position in the shares. The number of shares held are subject to adjustments as a result of the [**REDACTED**].

(2) WANGW Holding Limited is owned as to 99% by SHUNSHI Limited (an entity controlled by Mr. Wang through a trust), and 1% by WGW INDIVIDUAL Holding Limited (an entity wholly owned by Mr. Wang), respectively. Therefore, Mr. Wang and SHUNSHI Limited are deemed to be interested in the shares held by WANGW Holding Limited by virtue of the SFO.

(3) Pursuant to the Offshore AIC Agreement, Mr. Wang, Ms. Wang and their respective Intermediary Holding Entities agreed to act in concert and vote in agreement in board meetings, shareholders' meetings and on matters requiring shareholders' approval. Therefore, Mr. Wang, Ms. Wang and their Intermediary Shareholding Entities are deemed to be interested in the shares held by WANGW Holding Limited and WANGYH Holding Limited in aggregate. See "History, Reorganization and Corporate Structure — Acting in Concert Arrangements" for details.

(4) WANGYH Holding Limited is owned as to 99% by SHUNSUI Limited (an entity controlled by Ms. Wang through a trust), and 1% by WYH Holding Limited (an entity wholly owned by Ms. Wang), respectively. Therefore, Ms. Wang and SHUNSUI Limited are deemed to be interested in the shares held by WANGYH Holding Limited by virtue of the SFO.

(5) Tianjin Zhuojinke, one of our Tianjin Incentive Platforms, is owned as to 99.99% by Chongqing Zhuojinke, and 0.01% by Chongqing Niuniao. Chongqing Niuniao is the general partner of Tianjin Zhuojinke and is wholly owned by Mr. Wang and Ms. Wang. Therefore, Mr. Wang, Ms. Wang and Chongqing Niuniao are deemed to be interested in the shares held by the Tianjin Zhuojinke by virtue of the SFO. See "Statutory and General Information — D. Incentive Platforms — 4. Status — Tianjin Zhuojinke and Chongqing Zhuojingke" in Appendix V for details.

Chongqing Niuniao is also the general partner of the other Tianjin Incentive Platforms, namely, Tianjin Yuzhuoxing, Tianjin Zhuojinniao, Tianjin Zhuojintoo, Tianjin Zhuojinren, Tianjin Zhuojintu, and Tianjin Zhuojinxiang. Therefore, Mr. Wang, Ms. Wang and Chongqing Niuniao are deemed to be interested in the shares held by the Tianjin Incentive Platforms by virtue of the SFO. See "Statutory and General Information — D. Incentive Platforms" in Appendix V for details.

(6) Dream Landing Holdings Limited is wholly owned by 58.com Inc. 58.com Inc. is wholly-owned by Quantum Bloom Group Ltd., which is controlled as to more than one-third by Mr. Yao Jinbo through his intermediary controlled entities, namely, Nihao Haven Corporation and Nihao China Corporation. Therefore, 58.com Inc., Quantum Bloom Group Ltd., Nihao Haven Corporation, Nihao China Corporation and Mr. Yao Jinbo are deemed to be interested in the shares held by Dream Landing Holdings Limited by virtue of the SFO. See "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Dream Landing Holdings Limited" for details.

Tianjin Wuba Qianmo is held by Hunan Wuba Qianmo as to 99.98% and Tianjin Magic Technology as to 0.02%. Hunan Wuba Qianmo was held as to approximately 54% by Beijing 58 Information Technology Co., Ltd. (北京五八信息技術有限公司), a company controlled through contractual arrangements by 58.com Inc. Therefore, 58.com Inc., Quantum Bloom Group Ltd., Nihao Haven Corporation, Nihao China Corporation and Mr. Yao Jinbo are deemed to be interested in the shares held by Tianjin Wuba Qianmo by virtue of the SFO. See "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Tianjin Wuba Qianmo" for details.

(7) China Dotman is a limited company incorporated in the PRC which is directly owned by Mr. Xiao Qingping as to more than 50%. None of the other minority shareholders controls more than one third interest in China Dotman. Therefore, Mr. Xiao Qingping is deemed to be interested in the shares held by the China Dotman by virtue of the SFO. See "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — China Dotman" for details.

(8) Astrend is wholly owned by Shunwei China Internet Fund V, L.P., the general partner of which is Shunwei Capital Partners V GP, L.P.. The general partner of Shunwei Capital Partners V GP, L.P. is Shunwei Capital Partners V GP Limited, which is controlled by Mr. Koh Tuck Lye. Therefore, Shunwei China Internet Fund V, L.P., Shunwei Capital Partners V GP Limited and Mr. Koh Tuck Lye are deemed to be interested in the shares held by Astrend by virtue of the SFO. See "History, Reorganization and Corporate Structure — Information about the Founding Shareholders and the Pre-[**REDACTED**] Investors — Astrend" for details.

Except as disclosed above, the Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**], the Conversion and the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), have any interest and/or short positions in the Shares or underlying shares of the Company which would be required to be disclosed to us pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately after completion of the [**REDACTED**]:

Before the [REDACTED]

As of the Latest Practicable Date, our authorized share capital was US$50,000.00 divided into 500,000,000 shares of a par value of US$0.0001 each, of which (i) 462,870,295 are designated as ordinary Shares; (ii) 6,984,444 are designated as Series A Preferred Shares; (iii) 7,569,391 are designated as Series B Preferred Shares; (iv) 9,457,288 are designated as Series B+ Preferred Shares; and (v) 13,118,582 are designated as Series C Preferred Shares.

As of the Latest Practicable Date, our issued share capital was approximately US$9,998.97, comprising of (i) 62,860,001 ordinary Shares; (ii) 6,984,444 Series A Preferred Shares; (iii) 7,569,391 Series B Preferred Shares; (iv) 9,457,288 Series B+ Preferred Shares; and (v) 13,118,582 Series C Preferred Shares.

Upon completion of the [REDACTED]

Effective upon the conditions of the [**REDACTED**] being fulfilled, each share in our then issued and unissued share capital with a par value of US$0.0001 each shall be split into [**REDACTED**] shares of the corresponding class with a par value of US$[**REDACTED**] each. The Preferred Shares will be converted into Ordinary Shares of our Company on a one-to-one basis by way of re-designation immediately before the completion of the [**REDACTED**]. As a result, our authorized share capital will be US$[**REDACTED**] divided into [**REDACTED**] Shares of par value of US$[**REDACTED**] each.

Assuming the [**REDACTED**] is not exercised, the share capital of our Company immediately following completion of the [**REDACTED**] and the [**REDACTED**] will be as follows:

Description of Shares	Number of Shares	Aggregate par value of Shares
		(US$)
Shares in issue (including the Shares upon re-designation of the Preferred Shares) . . .	[399,958,824]	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

Assuming the [**REDACTED**] is exercised in full, the share capital of our Company immediately following completion of the [**REDACTED**] and the [**REDACTED**] will be as follows:

Description of Shares	**Number of Shares**	**Aggregate par value of Shares**
		(US$)
Shares in issue (including the Shares upon re-designation of the Preferred Shares) . . .	[399,958,824]	[**REDACTED**]
Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]

ASSUMPTIONS

The above table assumes that the [**REDACTED**] is completed, the [**REDACTED**] becomes unconditional, Shares are issued pursuant to the [**REDACTED**], and that the Preferred Shares are converted into Ordinary Shares on a one-to-one basis.

RANKING

The [**REDACTED**] will rank *pari passu* in all respects with all Shares currently in issue or to be issued (including all Preferred Shares re-designated into Shares upon completion of the [**REDACTED**]) as mentioned in this document, and will qualify and rank equally for all dividends or other distributions declared, made or paid on the Shares on a record date which falls after the date of this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETINGS ARE REQUIRED

Upon completion of the [**REDACTED**], the Company has only one class of Shares, namely Ordinary Shares, and each ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Act and the terms of the Memorandum of Association and Articles, the Company may from time to time by ordinary resolution of shareholders (i) increase its share capital, (ii) consolidate and divide its share capital into shares of larger amount, (iii) subdivide its shares into shares of smaller amount; and (iv) cancel any shares which have not been taken. In addition, the Company may subject to the provisions of the Cayman Companies Act reduce its share capital or capital redemption reserve by its shareholders passing a special resolution. For further details, see "Summary of the Constitution of the Company and Cayman Islands Companies Law — 2. Articles of Association — 2.1 Shares — (c) Alteration of Capital" in Appendix IV.

GENERAL MANDATE TO ISSUE SHARES

Subject to the [**REDACTED**] becoming unconditional, the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares, and for further details, see "Statutory and General Information — 4. Resolutions Passed by the Shareholders" in Appendix V.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the [**REDACTED**] becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase its own securities, and for particulars of which, see "Statutory and General Information — 4. Resolutions Passed by the Shareholders" in Appendix V.

The following discussion and our analysis should be read in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I to this Document, together with the accompanying notes. Our consolidated financial statements have been prepared in accordance with IFRSs.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. In evaluating our business, you should carefully consider the information provided in this Document, including but not limited to the sections headed "Risk Factors" and "Business."

For the purposes of this section, unless the context otherwise requires, references to the years of 2021, 2022 and 2023 refer to our financial years ended December 31 of such years, respectively.

OVERVIEW

We are the largest home maintenance and repair platform with a 2.4% market share in China's online home maintenance and repair industry in 2023 in terms of GTV, according to CIC. With the know-how we have accumulated in decades of industry experience, we have taken initiatives to promote the digitalization of China's home maintenance and repair industry. Leveraging our strong technology capabilities, we have standardized home maintenance and repair services for pricing, service quality, delivery processes and post-service assurance. Our *Woodpecker* (啄木鳥) platform makes convenient, transparent and trustworthy services available to millions of Chinese families in over 300 cities, while providing sustainable income opportunities to a broad base of technicians.

Our *Woodpecker* platform serves as a convenient one-stop solution for a diverse array of home maintenance and repair needs. Services available on our platform span across over 300 major categories of home appliances and facilities. In 2021, 2022 and 2023, and the six months ended June 30, 2024, our platform served approximately 4.0 million, 5.5 million, 9.0 million and 6.1 million transacting consumers, and facilitated approximately 4.3 million, 6.0 million, 9.9 million and 6.6 million home maintenance and repair orders, respectively.

A large and growing network of competent and loyal technicians is the key to us being the platform of consumers' choice. The average monthly active technicians on our platform increased from 7,092 in 2021 to 11,546 in 2022, and further increased to 19,105 in 2023 and 26,968 in the six months ended June 30, 2024.

We derive revenue primarily from platform services, sales of products, and maintenance services to corporate customers. We provide platform services by matching our partner technicians with home maintenance and repair service orders through our *Woodpecker* platform. We generate revenue from sales of products, including selling spare parts and materials to our partner technicians and new home appliances to consumers which are used or installed by technicians during their services. We also provide maintenance services to corporate customers, including property management service providers.

We have achieved significant growth in recent years. The aggregate GTV of our platform increased from RMB0.99 billion in 2021 to RMB1.46 billion in 2022 and further to RMB2.48 billion in 2023, representing a CAGR of 58.5% from 2021 to 2023. The aggregate GTV of our platform amounted to RMB1.57 billion in the six months ended June 30, 2024. The number of service orders completed on our platform increased from approximately 4.3 million in 2021 to approximately 6.0 million in 2022, and further to approximately 9.9 million in 2023. The number of service orders completed on our platform amounted to approximately 6.6 million in the six months ended June 30, 2024. The transacting consumers our platform served increased from approximately 4.0 million in 2021 to approximately 5.5 million in 2022, and further to approximately 9.0 million in 2023. This number of the transacting consumers our platform served amounted to approximately 6.1 million in the six months ended June 30, 2024. Our revenue increased by 48.1% from RMB401.4 million in 2021 to RMB594.6 million in 2022, and further increased by 70.0% to RMB1.0 billion in 2023. Our revenue increased by 45.1% from RMB429.3 million in the six months ended June 30, 2023 to RMB622.8 million in the six months ended June 30, 2024. Our net profit decreased to RMB6.2 million in 2022 from RMB33.4 million in 2021, primarily due to a loss arising from changes in fair value of the paid-in capital with preferred rights of Chongqing Woodpecker in 2022. Our net profit significantly increased from RMB6.2 million in 2022 to RMB48.9 million in 2023. Our net profit slightly decreased from RMB41.5 million in the six months ended June 30, 2023 to RMB38.9 million in the six months ended June 30, 2024, primarily due to the significant increase of selling and marketing expenses in line with the boost of service orders on our platform. Our adjusted net profit (non-IFRS measure) increased from RMB23.6 million in 2021 to RMB42.8 million in 2022, and significantly increased to RMB144.6 million in 2023. Our adjusted net profit (non-IFRS measure) slightly decreased from RMB75.1 million in the six months ended June 30, 2023 to RMB72.9 million in the six months ended June 30, 2024.

BASIS OF PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). For the purpose of preparing and presenting the historical financial information for the Track Record Period, we have consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting periods beginning on or after January 1, 2024, throughout the Track Record Period. The historical financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise their judgement in the process of applying our accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountants' Report included in Appendix I to this Document.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, results of operations and financial condition have been, and are expected to continue to be, affected by a number of factors, some of which are outside of our control. These factors include, but are not limited to, the following:

General Factors

We operate in China's home maintenance and repair market, and our business and results of operations are significantly affected by factors driving this market, including but are not limited to the following:

General economic conditions and market trends

We have established a leading home maintenance and repair platform in China, creating great value for technicians and consumers on our platform. Our results of operations are affected by the overall growth of the home maintenance and repair industry in China. According to CIC, the market size of China's home maintenance and repair industry increased from RMB496.6 billion in 2018 to RMB714.9 billion in 2023 and is expected to continue to increase to RMB931.8 billion in 2027. Among the GTV of home maintenance and repair service orders completed in 2023, approximately 14.5% was generated from service orders using online channels and search engines compared to 3.2% in 2018, and this percentage is expected to increase to 25.4% in 2027, according to CIC. As the Chinese housing market becomes saturated, the turnover of homes has slowed down, resulting in a greater prevalence of older homes. According to China's seventh national population census, more than 65% of Chinese families resided in homes constructed over a decade ago, and approximately 35% of Chinese houses are at least 20 years old. The extended occupancy of older homes and lengthened use of home appliances have led to a considerable demand for home maintenance services. See "Industry Overview — Home Maintenance and Repair Market Size in China" for more details.

The future development of China's home maintenance and repair industry is affected by many factors, including the overall economic growth of China, the growing standardization and digitalization of home maintenance and repair services, the increasing penetration of mobile internet, the dynamics of supply and demand for such services, as well as the regulatory environment for home maintenance and repair industry. Changes in any of these general industry conditions and our ability to adapt to such changes could affect our business and results of operations.

Competition

We operate with an online-offline integrated service model in China's home maintenance and repair industry. Our industry is intensely competitive and characterized by rapid changes in technology, shifting consumer preferences and frequent introduction of new services and products. The convenience and accessibility offered by internet platforms have changed the way individuals approach finding service providers, therefore consumers nowadays are more inclined to place service orders or make appointments through online channels or search engines. Further, with the increasing sophistication and intelligent development of home appliances, as well as the increasing frequency of daily use of electronic equipment, there is a growing consumer demand for specialized repair services which propels frequent introduction of new services and products in the home maintenance and repair industry. Our market position depends on our ability to maintain competitiveness concerning consumer experience and satisfaction brand recognition and popularity, pricing, recruitment of qualified technicians, and service quality in comparison to our rivals. Some of our current or future competitors may possess greater financial, technical or marketing resources than we do. These competitors may make substantial investments in promoting and marketing their services, expanding their offerings, and providing greater incentives to both consumers and technicians, potentially affecting our market share. Our ability to effectively compete with these rivals is essential for a sustainable growth of our business as we expand and increase our market presence. We anticipate the competition, both from well-established current competitors and from potential new entrants, to persist and intensify in the future.

Seasonality

Our results of operations are affected by seasonal factors. We generally experience a greater transaction volume on our platform in the third quarter of each year, primarily driven by increased demand for cleaning and maintenance of certain home appliances such as air conditioners due to high temperatures in the summer. As a result, we typically record the highest quarterly GTV and revenue in the third quarter. The transaction volume and revenue in the first quarter are additionally influenced by the Chinese New Year holidays during which many technicians return to their hometowns. Our GTV in the third quarter of 2021, 2022 and 2023 was 91.0%, 92.9% and 83.9% higher than in the first quarter of that year, respectively.

To reduce the fluctuations in our transaction volume affected by such seasonal factors, we usually allocate a substantial portion of our advertising and marketing spending in the fourth quarter of a year to promote our brand awareness based on our projected business volume and growth strategy for the next year. For example, in the fourth quarter of 2023, we made substantial investments in advertising and brand promotion across various channels, such as elevator and high-speed train advertisements, with an aim to boosting our platform's transaction volume in 2024.

We expect such seasonal pattern of our business to continue in the foreseeable future. However, as we continue to expand the service offerings and pool of partner technicians on our *Woodpecker* platform, we do not expect such seasonal fluctuations to have a material impact on our annual results of operations.

Company-specific Factors

In addition to the general factors, we believe the following specific factors also have had, and will continue to have, a significant impact on our results of operations.

Our ability to increase the transactions volume on our platform

We generate most of our revenue from our platform services and sales of products in connection with home maintenance and repair service orders fulfilled through our *Woodpecker* platform. We generate revenue from providing platform services by matching our partner technicians who can fulfill home maintenance and repair services with consumers on our platform. We also generate revenue from sales of spare parts and home appliances which are used by technicians in fulfilling home maintenance and repair service orders. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the total revenue from our platform services and sales of products, which were based on the service orders fulfilled through our platform, accounted for 98.7%, 99.1%, 99.6% and 98.9% of our total revenue, respectively. Our revenue is largely driven by the GTV of fulfilled service orders through our platform in a given period which in turn is influenced by the number of service orders fulfilled and the transaction amount per service order. The following table sets forth key indicators of service orders fulfilled through our platform for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
GTV (RMB in millions)[(1)]	986.4	1,462.2	2,479.1	1,567.0
Number of service orders	4,255,917	6,004,806	9,910,066	6,568,008
GTV per order (RMB)[(2)]	231.8	243.5	250.2	238.6

Notes:

(1) Represents the total amount paid by consumers for the service orders completed through our platform (including the amounts paid for spare parts, materials and home appliances that are used or installed by technicians during their services), after giving effect to refunds and without deducting any commission charged on service orders and the value-added tax.

(2) Calculated by dividing the GTV of service orders by the total number of service orders fulfilled through our platform in a given period.

Our ability to increase the transaction volume on our platform mainly depends on our ability to enhance consumer experience, provide comprehensive service offering and empower technicians to enhance their service quality. We plan to enhance the efficiency of our matching services through further upgrading our platform and strengthening our data analysis capabilities. Services available on our platform span across over 300 major categories of home appliances and facilities as of June 30, 2024. We plan to further expand our service offerings to satisfy evolving consumer needs, such as maintenance and repair for smart home appliances and devices and complex home repair and renovation, and further develop the service categories with greater transaction amounts.

The number of qualified and experienced technicians on our platform is an important factor for our service capabilities. The more technicians that seek consumers' orders through our platform, the more home maintenance and repair service transactions can be completed by consumers and technicians on our platform. The average monthly active technicians on our platform increased by 62.8% from 7,092 in 2021 to 11,546 in 2022, and further increased by 65.5% to 19,105 in 2023, and by 41.2% to 26,968 in the six months ended June 30, 2024. We will continue to recruit new partner technicians and retain technicians on our platform by offering them training programs, facilitating their order fulfillment process with our supply chain capabilities, and offering them technical support.

As a result of foregoing efforts, our GTV increased by from RMB986.4 million in 2021 to RMB1,462.2 million in 2022 and further to RMB2,479.1 million in 2023, driven by increases in both the number of fulfilled service orders and the average GTV per order. Our GTV amounted to RMB1,567.0 million in the six months ended June 30, 2024. The number of fulfilled service orders increased from approximately 4.3 million in 2021 to approximately 6.0 million in 2022 and further to approximately 9.9 million in 2023. In the six months ended June 30, 2024, our platform fulfilled approximately 6.6 million orders. The GTV per order increased from RMB231.8 in 2021 to RMB243.5 in 2022, and further to RMB250.2 in 2023. In the six months ended June 30, 2024, our GTV per order slightly decreased to RMB238.6 primarily because we offered discounted service prices to consumers for home appliance cleaning services in June 2024. These services typically involve less complexity and have a lower GTV per order compared to home appliance repair services. We offered discounted prices with an aim to generate more service orders for our partner technicians to offset the impact on order volume caused by the delayed hot season in 2024.

Our ability to optimize our product and service mix

We currently generate our revenue from platform services, sales of products and maintenance services to corporate customers, such as property management service providers. Our overall profitability is impacted by the mix of these three types of services with different margins. In addition, different categories of home maintenance and repair services available on our platform have varying margins and growth outlooks. As we introduce and promote new offerings, our overall profitability may vary as a result of changes in services category mix and their respective margin profiles. Our revenue generated from service orders fulfilled through our platform accounted for 40.1%, 40.3%, 40.6% and 39.4% of our total GTV of fulfilled service orders in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively.

We have continued to expand our service and products catering to various needs of consumers and corporate customers, which we expect to benefit our order acquisition and cross-selling. For example, we have tapped into new businesses that are complementary to our existing businesses, such as supply chain of spare parts and materials, partnership with property management service providers, and maintenance and repair for photovoltaic equipment. Our new business initiatives may require us to devote significant financial and managerial resources and may not perform as expected due to a variety of factors beyond our control. In addition, as we monitor market developments, we may adjust our strategies from time to time, which could result in decreases in our total revenue or revenue contributions from certain segments.

Our ability to effectively and efficiently conduct sales and marketing

Our results of operations depend in part on our ability to effectively and efficiently conduct sales and marketing that attract consumers to place service orders on our platform. Therefore, our marketing efforts are focused on expanding our channels to reach our target consumers and successfully attracting such consumers to place service orders on our platform.

During the Track Record Period, the largest two components of our selling and marketing expenses were traffic acquisition expenses and advertising and branding expenses, which collectively represented 90.0%, 92.6%, 93.0% and 90.6% of our total selling and marketing expenses in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively. Our continual investments in sales and marketing resulted in an increase in the transaction volume on our platform and increased brand awareness among consumers. During the Track Record Period, we had successfully achieved a rapid growth in GTV of service orders while managing our selling and marketing expenses at a relatively stable percentage of our GTV. Our selling and marketing expenses amounted to RMB177.6 million, RMB290.9 million, RMB494.1 million and RMB299.1 million in 2021, 2022 and 2023, and the six months ended June 30, 2024, representing 18.0%, 19.9%, 19.9% and 19.1% of our total GTV in the same periods, respectively. Our ability to maintain or lower our selling and marketing expenses as a percentage of total GTV of service orders depends on our ability to improve sales and marketing efficiency and leverage our existing brand value and recognition of our superior consumer experience to achieve word-of-mouth referrals.

Our ability to enhance operating leverage of our platform

Our ability to increase our revenue and improve profitability is dependent on whether we can leverage our platform to improve operational efficiency.

We have attached importance to research and development of technologies to advance our platform. We have developed a proprietary, scalable and digitized platform, which has enabled us to migrate most of the processes for home maintenance and repair services transactions online, such as automated matching and dispatching, contract signing and order payments. With this platform, we can further improve our operational efficiency and offer new products and services with moderate investment and marginal cost.

Although the absolute amount of administrative expenses increased during the Track Record Period, administrative expenses as a percentage of our total revenue decreased from 25.2% in 2021 to 21.4% in 2022, and further to 17.1% in 2023; such percentage decreased from 16.8% in the six months ended June 30, 2023 to 16.3% in the six months ended June 30, 2024. As we further grow our business scale and enhance the standardization and digitalization, we expect to achieve greater operating leverage and increased productivity of our personnel, allowing us to achieve higher operational efficiency.

IMPACT OF THE COVID-19 PANDEMIC

In 2021 and 2022, various measures to control the spread of the COVID-19 pandemic limited the availability of technicians providing home maintenance and repair services in certain cities where we operated. In addition, due to consumer concerns about disease transmission by visitors, many families chose to tolerate appliance breakdowns and home facility deterioration, and maintenance or repair services were postponed. As a result, our GTV growth in the second half of 2022 was lower than expected and the execution of our marketing and branding plan was negatively impacted. Specifically, we usually allocate a substantial portion of our advertising and marketing spending in the fourth quarter of a year to reduce the fluctuations in our transaction volume affected by seasonal factors and to promote our brand awareness based on our projected business volume and growth strategy for the next year. However, the resurgence of the COVID-19 pandemic in the fourth quarter of 2022 and the temporary quarantine and lock-down measures imposed triggered a change in our marketing and branding plan, which resulted in lower advertising and marketing spending than planned in the fourth quarter of 2022. With most control measures lifted by the end of 2022, the demand for our services significantly increased in the first half of 2023, leading to a rapid growth in the number of service orders.

The extent to which the pandemic impacts our results of operations going forward will depend on future developments which are highly uncertain and unpredictable, including the frequency, duration and extent of outbreaks of COVID-19, the appearance of new variants with different characteristics, the effectiveness of efforts to contain or treat cases, and future actions that may be taken in response to these developments. We cannot guarantee you that the COVID-19 pandemic will not further escalate or have a material adverse effect on our results of operations, financial position or prospects. For more details, see "Risk Factors — Risks Relating to Our Business and Industry — Our business could be adversely affected by natural disasters, public health crises such as the COVID-19 pandemic, political crises, economic downturns or other unexpected events."

MATERIAL ACCOUNTING POLICIES

Our significant accounting policies, which are important for understanding our financial condition and results of operations, are set forth in Note 3 to the Accountants' Report in Appendix I to this Document. Some of our accounting policies involve subjective assumptions, estimates and judgements that are set forth in Note 4 to the Accountants' Report in Appendix I to this Document. In each case, the determination of these items requires management judgment based on information and financial data that may change in future periods. When reviewing our financial statements, you should consider (i) our selection of significant accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most critical estimates, assumptions and judgments used in the preparation of our financial statements. See Note 3 to the Accountants' Report in Appendix I to this Document for a description of other material accounting policies.

Revenue Recognition

Platform services

We provide platform services that match technicians with the home maintenance and repair service orders through our *Woodpecker* platform or through other aggregation platforms. We cooperate with certain aggregation platforms, primarily including lifestyle service applications and search engines, to acquire home maintenance and repair service orders. When home maintenance and repair services are accessed through these aggregation platforms, the payment is collected by these platforms on behalf of the Group. We have determined that we act as an agent in the process of providing platform services to technicians. Upon the completion of a service order, we recognize the service fees charged to the technician, who is regarded as the customer of our platform services.

Sales of products

We sell technicians spare parts and materials that are used during their maintenance and repair services. In addition, we sell consumers on our platform certain home appliances that will be installed to replace old ones in the process of fulfilling maintenance and repair service orders. The purchased home appliances are usually shipped and installed by technicians who fulfill the services.

For sales of home appliances to consumers, revenue is recognized when control of the goods has been transferred to the consumers, being at the point the goods are delivered and installed by technicians. Payment of the transaction price is due immediately at the point the goods are installed by technicians.

For sales of spare parts and materials to technicians, revenue is recognized when control of the goods has been transferred to the technicians, being at the point the technicians purchases the goods at our warehouses. Payment of the transaction price is due immediately at the point the technicians purchases the goods. Technicians can exchange or return the parts and materials purchased under certain circumstances. In 2021, 2022 and 2023, and the six months ended June 30, 2024, the return rate was 4.9%, 4.2%, 3.7% and 3.6%, respectively.

Under our standard contract terms for the sales of spare parts and materials, the technicians have a right to exchange or return products. We use our accumulated historical experience to estimate the number of exchange on a portfolio level using the expected value method. Revenue is recognized for sales which are considered highly probable that a significant reversal in the cumulative revenue recognized will not occur.

Maintenance services

We also provide maintenance services to corporate customers acting as a principal. Our corporate customers place their maintenance service orders and settle the service fees with us on order basis. For the maintenance services to corporate customers, revenue is recognized when the service has been rendered by us or by the technicians on our behalf. We generally grant corporate customers a credit period between 30 and 120 days. Advances received from the corporate customers for which the maintenance services have not been rendered are recognized as contract liabilities until the relevant services are provided to the customers.

Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For contracts entered into or modified on or after the date of initial application or arising from business combinations, we assess whether a contract is or contains a lease based on the definition under IFRS 16 at the inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

We as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, we allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

We apply the short-term lease recognition exemption to leases of certain warehouses, offices and technician centers that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease liabilities

At the commencement date of a lease, we recognize and measure the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, we use the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Share-based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, we revise the estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss. When shares granted are vested, the amount previously recognized in share-based payment reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit (loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of our assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which we recognize the right-of-use assets and the related lease liabilities, we first determine whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, we apply IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. We recognize a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The effective Interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair Value Measurement of Financial Liabilities at Fair Value through Profit or Loss

As at December 31, 2021, 2022 and 2023, and June 30, 2024, financial liabilities at fair value through profit or loss amounting to RMB226.8 million, RMB263.4 million, RMB345.8 million and RMB595.2 million are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the financial liabilities. Details of the financial liabilities at fair value through profit or loss are disclosed in Note 31 to the Accountants' Report included in Appendix I to this Document.

Deferred Tax Assets

As at December 31, 2021, 2022 and 2023, and June 30, 2024, deferred tax assets of RMB4.6 million, RMB10.7 million, RMB16.8 million and RMB14.8 million had been recognized in the consolidated statements of financial position, respectively. The realizability of the deferred tax assets mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

DESCRIPTION OF MAJOR COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income with line items in absolute amounts and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Revenue	401,360	100.0	594,561	100.0	1,010,993	100.0	429,315	100.0	622,801	100.0
Cost of services and sales	(78,301)	(19.5)	(110,314)	(18.6)	(159,828)	(15.8)	(71,396)	(16.6)	(123,106)	(19.8)
Gross profit	**323,059**	**80.5**	**484,247**	**81.4**	**851,165**	**84.2**	**357,919**	**83.4**	**499,695**	**80.2**
Other income	2,788	0.7	8,222	1.4	11,255	1.1	3,828	0.9	7,439	1.2
Other gains and losses	2,966	0.8	1,796	0.4	4,107	0.5	3,206	0.7	(2,252)	(0.4)
Impairment gains (losses) under expected credit loss model, net of reversal	33	0.0	(42)	(0.0)	(67)	(0.0)	(59)	(0.0)	1	0.0
Selling and marketing expenses	(177,626)	(44.3)	(290,855)	(48.9)	(494,128)	(48.9)	(188,981)	(44.0)	(299,056)	(48.0)
Administrative expenses	(101,177)	(25.2)	(127,206)	(21.4)	(172,724)	(17.1)	(72,333)	(16.8)	(101,534)	(16.3)
Research and development expenses	(23,943)	(6.0)	(32,610)	(5.5)	(44,090)	(4.4)	(20,893)	(4.9)	(23,656)	(3.8)
Changes in fair value of financial liabilities at fair value through profit or loss	9,802	2.4	(36,642)	(6.2)	(82,382)	(8.1)	(33,527)	(7.8)	(22,732)	(3.6)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	(443)	(0.1)	(437)	(0.1)	(560)	(0.1)	(228)	(0.1)	(376)	(0.1)
Share of results of associates	–	–	–	–	204	0.0	106	0.0	(162)	(0.0)
Profit before tax	35,459	8.8	6,473	1.1	60,561	6.0	49,038	11.4	46,321	7.4
Income tax expense	(2,028)	(0.5)	(269)	(0.1)	(11,691)	(1.2)	(7,504)	(1.7)	(7,440)	(1.2)
Profit and total comprehensive income for the year/period	**33,431**	**8.3**	**6,204**	**1.0**	**48,870**	**4.8**	**41,534**	**9.7**	**38,881**	**6.2**

Non-IFRS Measure

To supplement our consolidated financial statements which are presented in accordance with IFRSs, we also use adjusted net profit (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRSs. We believe that the presentation of this non-IFRS measure facilitates comparisons of operating performance from period-to-period and company to company.

We define adjusted net profit (non-IFRS measure) as net profit for the year adjusted by adding back (i) changes in fair value of financial liabilities at fair value through profit or loss, (ii) [**REDACTED**], and (iii) share-based payment expense. Changes in fair value of financial liabilities at fair value through profit or loss are non-cash in nature and the redeemable convertible preferred shares will be automatically converted into ordinary shares upon completion of the proposed [**REDACTED**]. [**REDACTED**] are expenses incurred related to the [**REDACTED**]. Share-based payment expense is non-cash in nature.

However, the use of these non-IFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRSs. In addition, these non-IFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

The following table reconciles our adjusted net profit (non-IFRS measure) for the year/period to the profit for the year/period.

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
	(RMB in thousands)				
				(Unaudited)	
Profit for the year/period	33,431	6,204	48,870	41,534	38,881
Adjusted for:					
Changes in fair value of financial liabilities at fair value through profit or loss	(9,802)	36,642	82,382	33,527	22,732
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payment expense	–	–	1,127	–	222
Non-IFRS measure:					
Adjusted net profit for the year/period	**23,629**	**42,846**	**144,598**	**75,061**	**72,881**

Revenue

During the Track Record Period, we generated revenue from providing platform services, sales of products, and providing maintenance services. We generated all of our revenue in the PRC during the Track Record Period. The following table sets forth a breakdown of our revenue by types of services or goods, in both absolute terms and as a percentage of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Platform services	358,120	89.3	530,231	89.2	912,026	90.2	383,990	89.4	543,294	87.3
Sales of products	37,831	9.4	59,064	9.9	94,918	9.4	44,166	10.3	72,521	11.6
Maintenance services	5,409	1.3	5,266	0.9	4,049	0.4	1,159	0.3	6,986	1.1
Total	**401,360**	**100.0**	**594,561**	**100.0**	**1,010,993**	**100.0**	**429,315**	**100.0**	**622,801**	**100.0**

We provide platform services that match technicians with the home maintenance and repair service orders through our *Woodpecker* platform. We charge fees from our partner technicians for their use of our platform to fulfill home maintenance and repair service orders for consumers and we consider technicians as customers of our platform services. In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our revenue generated from platform services was RMB358.1 million, RMB530.2 million, RMB912.0 million, RMB384.0 million and RMB543.3 million, accounting for 89.3%, 89.2%, 90.2%, 89.4% and 87.3% of our total revenue, respectively.

We sell technicians spare parts and materials that they could use during their maintenance and repair services. We also sell consumers certain home appliances that will be installed to replace old ones in the process of fulfilling maintenance and repair service orders. We generate sales of products revenue primarily based on the purchase prices paid by technicians and consumers. In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our revenue generated from sales of products was RMB37.8 million, RMB59.1 million, RMB94.9 million, RMB44.2 million and RMB72.5 million, accounting for 9.4%, 9.9%, 9.4%, 10.3% and 11.6% of our total revenue, respectively.

We also provide maintenance services for corporate customers, including property management companies. As a service provider, we usually enter into maintenance services agreements with enterprises and fulfill maintenance service orders by matching them with our partner technicians. We consider enterprises who enter into services agreement with us as our customers. Our revenue represents the service fees charged by us to enterprises for all maintenance service orders they place with us. In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our revenue generated from maintenance services was RMB5.4 million, RMB5.3 million RMB4.0 million, RMB1.2 million and RMB7.0 million, accounting for 1.3%, 0.9%, 0.4%, 0.3% and 1.1% of our total revenue, respectively.

Cost of Services and Sales

Our cost of services and sales consists primarily of (i) cost of inventories sold in connection with spare parts and materials sold to technicians and new appliances sold to consumers, (ii) staff costs consisting of salaries, bonuses, social insurance and benefits for our employees who perform consumer service and order management functions that are directly associated with service orders on our platform, (iii) the service fees to technicians, consisting of sales commission to technicians for selling new appliances to consumers and service fees to our contracted technicians to deliver maintenance services to corporate customers, (iv) the commission to internet platforms for the home maintenance and repair orders that are placed by consumers through these platforms, and (v) payment processing costs paid to online payment processors. The following table sets forth a breakdown of our cost of services and sales by nature and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Cost of inventories sold	28,168	7.0	41,681	7.0	73,686	7.3	32,130	7.5	53,937	8.7
Staff costs	27,465	6.8	40,502	6.8	46,324	4.6	21,530	5.0	32,223	5.2
Service fees to technicians	9,163	2.3	10,656	1.8	11,618	1.1	5,779	1.3	10,479	1.7
Commission to internet platforms	5,843	1.5	8,260	1.4	11,231	1.1	6,075	1.4	7,107	1.1
Payment processing costs	1,350	0.3	2,162	0.4	4,001	0.4	1,616	0.4	4,037	0.6
Others[(1)]	6,312	1.6	7,053	1.2	12,968	1.3	4,266	1.0	15,323	2.5
Total	**78,301**	**19.5**	**110,314**	**18.6**	**159,828**	**15.8**	**71,396**	**16.6**	**123,106**	**19.8**

Note:

(1) Consists primarily of telecommunication costs, cloud service costs, depreciation and amortization and other miscellaneous costs.

In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our cost of services and sales was RMB78.3 million, RMB110.3 million, RMB159.8 million, RMB71.4 million and RMB123.1 million, accounting for 19.5%, 18.6%, 15.8%, 16.6% and 19.8% of our total revenue, respectively.

Gross Profit and Gross Profit Margin

The following table sets forth our gross profit and gross profit margin for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)			*(Unaudited)*	
Gross profit	323,059	484,247	851,165	357,919	499,695
Gross profit margin	80.5%	81.4%	84.2%	83.4%	80.2%

In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our gross profit was RMB323.1 million, RMB484.2 million, RMB851.2 million, RMB357.9 million and RMB499.7 million, representing a gross profit margin of 80.5%, 81.4%, 84.2%, 83.4% and 80.2%, respectively.

Other Income

Our other income consists primarily of (i) government grants, consisting mainly of incentives granted by local governments to reward our support and contribution for the development of local economies with no unfulfilled conditions or contingencies attached by the local governments, (ii) additional tax deduction, (iii) interest income on our bank deposits and rental deposits, (iv) membership income generated from consumers' subscriptions to our platform's membership program, which offers consumers discount coupons and other benefits, and (v) rental income from the technicians for quarters, which we provide to technicians as dormitories by utilizing our leased properties as part of our efforts to support technician well-being. The following table sets forth a breakdown of our other income by nature and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)						*(Unaudited)*			
Government grants	478	0.1	4,010	0.7	3,098	0.3	303	0.1	361	0.1
Additional tax deduction	742	0.2	1,977	0.3	1,887	0.2	885	0.2	–	–
Interest income	850	0.2	1,102	0.2	1,550	0.2	646	0.2	4,855	0.8
Membership income	–	–	826	0.1	2,322	0.2	1,058	0.2	1,078	0.2
Rental income from the technicians for quarters	–	–	–	–	1,153	0.1	633	0.1	402	0.1
Others	718	0.2	307	0.1	1,245	0.1	303	0.1	743	0.1
Total	**2,788**	**0.7**	**8,222**	**1.4**	**11,255**	**1.1**	**3,828**	**0.9**	**7,439**	**1.2**

Our government grants in 2021 amounted to RMB0.5 million, which primarily consisted of (i) the enterprise research and development reserve of the Chongqing Liangjiang New Area Finance Bureau (重慶兩江新區財政局企業研發準備金), and (ii) the technology innovation fund of the Chongqing Liangjiang New Area Finance Bureau (重慶兩江新區財政局科技創新普惠政策資金).

Our government grants in 2022 amounted to RMB4.0 million, which primarily consisted of (i) the industrial support fund of the Chongqing Liangjiang New Area Finance Bureau (重慶兩江新區財政局產業扶持資金), (ii) the enterprise research and development reserve of the Chongqing Liangjiang New Area Finance Bureau (重慶兩江新區財政局企業研發準備金), and (iii) the e-commerce development fund of the Chongqing Liangjiang New Area Finance Bureau (重慶兩江新區財政局電子商務發展專項資金).

Our government grants in 2023 amounted to RMB3.1 million, which primarily consisted of (i) the industry and information technology fund of the Chongqing Liangjiang New Area Finance Bureau (重慶兩江新區財政局工業和信息化領域重點專項資金), and (ii) the Chongqing Human Resources and Social Security Bureau for the return of social security (人力資源和社會保障局 — 社保穩崗返還補貼).

Our government grants in the six months ended June 30, 2023 and 2024 amounted to RMB0.3 million and RMB0.4 million, respectively.

We expect to receive government grants in the foreseeable future as we remain committed to our business development and continue contributing to local economy development and stable employment.

In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our other income was RMB2.8 million, RMB8.2 million, RMB11.3 million, RMB3.8 million and RMB7.4 million, accounting for 0.7%, 1.4%, 1.1%, 0.9% and 1.2% of our total revenue, respectively.

Other Gains and Losses

Our other gains and losses consist primarily of (i) net gain arising on financial assets at fair value through profit or loss which consists primarily of wealth management products we hold for cash management purposes, and (ii) comfort funds that we voluntarily paid to consumers and technicians for their damages occurred during the maintenance and repair services. As part of our efforts to support technician well-being, we may voluntarily offer comfort funds for accidents that occur while technicians are delivering maintenance and repair services to consumers, traveling to and from customers' residence, or engaging in other activities related to providing services through our platform (such as picking up spare parts and attending training sessions at our technician centers). The amount of comfort fund is determined on a case-by-case basis. In 2021, 2022 and 2023, and the six months ended June 30, 2023, our other gains amounted to RMB3.0 million, RMB1.8 million, RMB4.1 million and RMB3.2 million, accounting for 0.8%, 0.4%, 0.5% and 0.7% of our total revenue, respectively. We incurred other losses of RMB2.3 million in the six months ended June 30, 2024.

Selling and Marketing Expenses

Our selling and marketing expenses consist primarily of (i) expenses incurred for acquiring consumer traffic from major internet platforms, which are charged based on various metrics, such as the number or duration of displays on the platform, the number of clicks by consumers, or a percentage of facilitated GTVs, (ii) expenses incurred for general advertisements and promotions of our brand, including online advertisements, search engine optimization and influencer marketing on third-party websites, as well as offline advertisements such as elevator advertisements, high-speed train advertisements and LED sign boards, and (iii) staff costs for our sales and marketing personnel. The following table sets forth a breakdown of our selling and marketing expenses and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Traffic acquisition expenses	118,540	29.5	155,449	26.1	298,777	29.6	116,880	27.2	208,151	33.4
Advertising and branding expenses	41,307	10.3	113,996	19.2	160,841	15.9	56,180	13.1	62,821	10.1
Staff costs	11,397	2.8	14,845	2.5	27,595	2.7	13,007	3.0	19,052	3.1
Others[1]	6,382	1.7	6,565	1.1	6,915	0.7	2,914	0.7	9,032	1.4
Total	**177,626**	**44.3**	**290,855**	**48.9**	**494,128**	**48.9**	**188,981**	**44.0**	**299,056**	**48.0**

Note:

(1) Consists primarily of general office expenses, rental and facility fees, and travel expenses in relation to our selling and marketing activities.

In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our selling and marketing expenses were RMB177.6 million, RMB290.9 million, RMB494.1 million, RMB189.0 million and RMB299.1 million, accounting for 44.3%, 48.9%, 48.9%, 44.0% and 48.0% of our total revenue, respectively.

Administrative Expenses

Our administrative expenses consist primarily of (i) staff costs, consisting primarily of salaries, bonuses, social insurance and other benefits for our administrative and management personnel, (ii) general office expenses for office equipment and supplies, telecommunications, and maintenance, (iii) professional service fees for third-party professional and consulting services, such as consulting services in connection with the industry analysis and brand building to gain a competitive advantage, legal and audit services in connection with our ordinary financing activities, and other services related to our ordinary administration work, and (iv) rental and facility fees for our offices. The following table sets forth a breakdown of our administrative expenses and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Staff costs	68,676	17.1	95,328	16.0	124,771	12.3	53,489	12.5	71,798	11.5
Office expenses	6,614	1.6	8,940	1.5	14,618	1.5	5,872	1.4	9,317	1.5
Professional services fees	12,624	3.1	6,997	1.2	10,534	1.0	3,256	0.8	6,570	1.1
Rental and facility fees	6,825	1.7	8,910	1.5	10,694	1.1	4,900	1.1	6,167	1.0
Others[(1)]	6,438	1.7	7,031	1.2	12,107	1.2	4,816	1.0	7,682	1.2
Total	**101,177**	**25.2**	**127,206**	**21.4**	**172,724**	**17.1**	**72,333**	**16.8**	**101,534**	**16.3**

Note:

(1) Consists primarily of depreciation and amortization, travel and conference expenses, and taxes and surcharges.

In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our administrative expenses were RMB101.2 million, RMB127.2 million, RMB172.7 million, RMB72.3 million and RMB101.5 million, accounting for 25.2%, 21.4%, 17.1%, 16.8% and 16.3% of our total revenue, respectively.

Research and Development Expenses

Our research and development expenses consist primarily of (i) staff costs for our research and development personnel, and (ii) other expenses incurred for research and development activities, such as fees paid to service providers, rental expenses, travel expenses, and depreciation and amortization expenses. The following table sets forth a breakdown of our research and development expenses and as percentages of our revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2021		2022		2023		2023		2024	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(RMB in thousands, except for percentages)									
							(Unaudited)			
Staff costs	21,724	5.4	30,337	5.1	42,010	4.2	19,725	4.6	20,900	3.4
Others[(1)]	2,219	0.6	2,273	0.4	2,080	0.2	1,168	0.3	2,756	0.4
Total	**23,943**	**6.0**	**32,610**	**5.5**	**44,090**	**4.4**	**20,893**	**4.9**	**23,656**	**3.8**

Note:

(1) Consists primarily of fees paid to service providers, rental expenses, travel expenses, and depreciation and amortization expenses.

In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our research and development expenses were RMB23.9 million, RMB32.6 million, RMB44.1 million, RMB20.9 million and RMB23.7 million, accounting for 6.0%, 5.5% and 4.4%, 4.9% and 3.8% of our total revenue, respectively.

Changes in Fair Value of Financial Liabilities at Fair Value through Profit or Loss

During the Track Record Period, changes in fair value of financial liabilities at fair value through profit or loss represented gain or loss from changes in fair value of our paid-in capital with preferred rights of Chongqing Woodpecker and our Preferred Shares. We have engaged an independent third-party valuer to conduct valuation to determine the fair value of these financial instruments. See Note 31 to the Accountants' Report in Appendix I to this Document for more details. In 2021, we recorded a profit on changes in fair value of financial liabilities at fair value through profit or loss of RMB9.8 million. In 2022 and 2023, we recorded a loss on changes in fair value of financial liabilities at fair value through profit or loss of RMB36.6 million and RMB82.4 million, respectively. We recorded a loss on changes in fair value of financial liabilities at fair value through profit or loss of RMB33.5 million and RMB22.7 million in the six months ended June 30, 2023 and 2024, respectively.

[**REDACTED**]

In connection with our preparation for the proposed [**REDACTED**] and [**REDACTED**], we incurred [**REDACTED**], consisting primarily of professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the proposed [**REDACTED**] and the [**REDACTED**], of [**REDACTED**], [**REDACTED**], RMB[**REDACTED**] million, [**REDACTED**] and RMB[**REDACTED**] million in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively, accounting for [**REDACTED**], [**REDACTED**], [**REDACTED**]%, [**REDACTED**] and [**REDACTED**]% of our total revenue, respectively.

Finance Costs

Our finance costs consist of (i) interests on lease liabilities, and (ii) interests on bank borrowings. In 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our finance costs were RMB0.4 million, RMB0.4 million, RMB0.6 million, RMB0.2 million and RMB0.4 million, accounting for 0.1%, 0.1%, 0.1%, 0.1% and 0.1% of our total revenue, respectively.

Share of Results of Associates

Share of results of associates represents the profit of associates invested by our Group that we are entitled to receive based on our equity interest in those associates. In 2023, share of results of associates amounted to RMB204 thousand. Our share of results of associates were RMB106 thousand in the six months ended June 30, 2023. We incurred losses from share of results of associates of RMB162 thousand in the six months ended June 30, 2024.

Income Tax Expense

We incurred income tax expense of RMB2.0 million, RMB0.3 million, RMB11.7 million, RMB7.5 million and RMB7.4 million in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively. The effective income tax rate, calculated by dividing the income tax expense by the profit before tax in a given period, was 5.7%, 4.2%, 19.3%, 15.3% and 16.1% in 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, respectively. Our effective tax rate in 2021 and 2022 was lower than the statutory rate of 25% and the applicable tax rate of 15% for a high and new technology enterprise, which was mainly due to the fact that a majority of subsidiaries of our Company in the PRC were qualified as small and micro-sized enterprises entitled to preferential enterprise income tax treatment during the Track Record Period. See "— Income Tax Expense — PRC" for more details.

Cayman Islands and British Virgin Islands

Under the current laws of the Cayman Islands and British Virgin Islands, entities incorporated in the Cayman Islands and British Virgin Islands are not subject to tax on income or capital gain. In addition, the Cayman Islands and British Virgin Islands do not impose a withholding tax on payments of dividend to shareholders.

Hong Kong

Hong Kong has adopted a two-tiered profits tax rates regime since March 2018. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at 16.5%.

PRC

Our income tax provision in respect of operations in mainland China was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretations and practices in respect thereof. For risks relating to our preferential tax treatments, see "Risk Factors — Risks Relating to Our Business and Industry — Failure to obtain or sustain government grants or preferential tax treatments that may be available to us could affect our business, results of operations and financial condition."

Under the Enterprise Income Tax Law of the PRC effective on January 1, 2008, the "high and new technology enterprise" (the "HNTE") status of qualifying entities is valid for three years and qualifying entities can re-apply for an additional three years provided their business operations continue to qualify for the new HNTE status. During the Track Record Period, Chongqing Woodpecker, one of our Consolidated Affiliated Entities, was qualified as a HNTE and entitled to a preferential enterprise income tax rate of 15% from 2017 to 2023. In October 2023, Chongqing Woodpecker had renewed its HNTE status for a three-year period till October 2026.

Further, according to the relevant laws and regulations promulgated by the State Council, enterprises engaging in research and development activities are entitled to claim 175% (or 200% from October 1, 2022 to December 31, 2022) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits. We have made our best estimate of the tax deductibles to be claimed by our entities in ascertaining their assessable profits during the Track Record Period.

Except for Chongqing Woodpecker and Chongqing Zhuoyuejia, a majority of subsidiaries of the Company in the PRC are small- and micro-sized enterprises. In 2021, annual taxable profit not exceeding RMB1 million was reduced to 25% of the taxable income and calculated at tax rate of 20% and then slashed by half, and annual taxable profit exceeding RMB1 million but not exceeding RMB3 million was reduced to 50% of the taxable income and calculated at tax rate of 20%. In 2022, annual taxable profit not exceeding RMB1 million was reduced to 25% of the taxable income and calculated at tax rate of 20% and then slashed by half, and annual taxable profit exceeding RMB1 million but not exceeding RMB3 million was reduced to 25% of the taxable income and calculated at tax rate of 20%. In 2023 and the six months ended June 30, 2024, annual taxable profit not exceeding RMB3 million was reduced to 25% of the taxable income and calculated at tax rate of 20%.

During the Track Record Period and up to the Latest Practicable Date, we had no disputes or unresolved tax issues with relevant tax authorities.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2023 Compared to Six Months Ended June 30, 2024

Revenue

Our revenue increased by 45.1% from RMB429.3 million in the six months ended June 30, 2023 to RMB622.8 million in the six months ended June 30, 2024, primarily due to the increase in the revenue from platform services and, to a lesser extent, the revenue from sales of products.

- *Platform services.* Revenue from platform services increased by 41.5% from RMB384.0 million in the six months ended June 30, 2023 to RMB543.3 million in the six months ended June 30, 2024, primarily due to an increase in the number of home maintenance and repair service orders completed through our platform. The number of service orders increased from 4.1 million in the six months ended June 30, 2023 to 6.6 million in the six months ended June 30, 2024, mainly driven by (i) the continual expansion of our partner technician base, of which the number of the average monthly active technicians on our *Woodpecker* platform increased from 17,237 in the six months ended June 30, 2023 to 26,968 in the six months ended June 30, 2024, thereby increasing the overall service capacity of our platform, (ii) the increase of the number of cities covered by our services from 305 in the six months ended June 30, 2023 to 329 in the six months ended June 30, 2024, and (iii) the conversion of our omni-channel marketing campaigns which allow us to reach and attract more consumers.

- *Sales of products.* Revenue from sales of products increased by 64.2% from RMB44.2 million in the six months ended June 30, 2023 to RMB72.5 million in the six months ended June 30, 2024, an increase in the number of home maintenance and repair service orders on our platform resulting in increases in technicians' purchases of spare parts and consumers' purchases of replacement appliances from us to be used in the maintenance and repair services.

- *Maintenance services.* Revenue from maintenance services increased by 502.8% from RMB1.2 million in the six months ended June 30, 2023 to RMB7.0 million in the six months ended June 30, 2024, primarily due to the operation of our centralized maintenance service centers, where professional technicians provide specialized support for complex maintenance issues and intricate spare parts needs encountered during on-site services by individual technicians.

Cost of services and sales

Our cost of services and sales increased by 72.4% from RMB71.4 million in the six months ended June 30, 2023, to RMB123.1 million in the six months ended June 30, 2024, mainly due to increases in cost of inventories sold and staff costs.

- Cost of inventories sold increased by 67.9% from RMB32.1 million in the six months ended June 30, 2023 to RMB53.9 million in the six months ended June 30, 2024, primarily due to an increase in the spare parts and materials we sold to technicians and new appliances sold to consumers, reflecting the growth in the number of service orders on our platform and the increased technician centers across the country.

- Staff costs increased by 49.8% from RMB21.5 million in the six months ended June 30, 2023 to RMB32.2 million in the six months ended June 30, 2024, primarily due to the increased number of our employees to support the growth in the order volume on our platform.

- Service fees to technicians increased by 81.0% from RMB5.8 million in the six months ended June 30, 2023 to RMB10.5 million in the six months ended June 30, 2024, primarily due to an increase in sales commission to technicians for selling home appliances during their services.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 39.6% from RMB357.9 million in the six months ended June 30, 2023 to RMB499.7 million in the six months ended June 30, 2024. Our gross profit margin slightly decreased from 83.4% in the six months ended June 30, 2023 to 80.2% in the six months ended June 30, 2024, primarily due to the increase of technician service fee resulting from our strategy to retain more excellent technicians and further expand our technician base.

Other income

Our other income increased by 94.3% from RMB3.8 million in the six months ended June 30, 2023 to RMB7.4 million in the six months ended June 30, 2024, primarily attributable to an increase of RMB4.2 million in our interest income, resulting from an increase in our bank deposits.

Other gains and losses

We had other gains of RMB3.2 million in the six months ended June 30, 2023, and other losses of RMB2.3 million in the six months ended June 30, 2024, respectively, primarily due to (i) a decrease of RMB4.7 million in net gain arising on the financial assets at fair value through profit or loss due to the decrease of financial products issued by banks and structured deposits we held, and (ii) our donation to a training school.

Selling and marketing expenses

Our selling and marketing expenses increased by 58.2% from RMB189.0 million in the six months ended June 30, 2023 to RMB299.1 million in the six months ended June 30, 2024, primarily due to (i) an increase of RMB91.3 million in traffic acquisition expenses in line with the boost of service orders on our platform in the six months ended June 30, 2024, (ii) an increase of RMB6.6 million in advertising and branding expenses to further promote our brand name, and (iii) an increase of RMB6.0 million in staff costs, primarily due to the increased number of our sales staff.

Administrative expenses

Our administrative expenses increased by 40.4% from RMB72.3 million in the six months ended June 30, 2023 to RMB101.5 million in the six months ended June 30, 2024, primarily due to (i) an increase of RMB18.3 million in staff costs as the number of our administrative and management personnel increased in response to the growth of our business and we raised the average salaries for administrative and management personnel to attract and retain talents, and (ii) an increase of RMB3.4 million in office expenses in line with our business scale expansion.

Research and development Expenses

Our research and development expenses increased by 13.2% from RMB20.9 million in the six months ended June 30, 2023 to RMB23.7 million in the six months ended June 30, 2024, primarily because we incurred more expenses for increasing research and development activities in the six months ended June 30, 2024, in line with our business growth.

Changes in fair value of financial liabilities at fair value through profit or loss

We had a loss of RMB33.5 million and RMB22.7 million from changes in fair value of financial liabilities at fair value through profit or loss in the six months ended June 30, 2023 and 2024, respectively, primarily due to the valuation fluctuation of the paid-in capital with preferred rights of Chongqing Woodpecker and our Preferred Shares during respective period.

[**REDACTED**]

Our [**REDACTED**] were [**REDACTED**] and RMB[**REDACTED**] million in the six months ended June 30, 2023 and 2024, respectively, consisting primarily of professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the proposed [**REDACTED**] and the [**REDACTED**].

Finance costs

Our finance costs remained relatively stable at RMB0.2 million and RMB0.4 million in the six months ended June 30, 2023 and 2024.

Income tax expense

Our income tax expense remained relatively stable at RMB7.5 million and RMB7.4 million in the six months ended June 30, 2023 and 2024.

Profit for the period

As a result of the foregoing, our profit for the period decreased from RMB41.5 million in the six months ended June 30, 2023, to RMB38.9 million in the six months ended June 30, 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our revenue increased by 70.0% from RMB594.6 million in 2022 to RMB1,011.0 million in 2023, primarily due to the increase in the revenue from platform services and, to a lesser extent, the revenue from sales of products.

- *Platform services*. Revenue from our platform services increased by 72.0% from RMB530.2 million in 2022 to RMB912.0 million in 2023, primarily due to an increase in the number of home maintenance and repair service orders completed through our platform. The number of service orders increased from 6.0 million in 2022 to 9.9 million in 2023, mainly driven by (i) the continual expansion of our partner technician base, of which the number of the average monthly active technicians on our *Woodpecker* platform increased from 11,546 in 2022 to 19,105 in 2023, thereby increasing the overall service capacity of our platform, (ii) the significant increase in demand for our services in the first half of 2023 resulted from the lifting of most COVID-19 control measures by the end of 2022, (iii) the increase of the number of cities covered by our services from 292 in 2022 to 307 in 2023, and (iv) the conversion of our omni-channel marketing campaigns which allow us to reach and attract more consumers.

- *Sales of products*. Revenue from sales of products increased by 60.7% from RMB59.1 million in 2022 to RMB94.9 million in 2023, primarily due to an increase in the number of home maintenance and repair service orders on our platform resulting in increases in technicians' purchases of spare parts and consumers' purchases of replacement appliances from us to be used in the maintenance and repair services.

- *Maintenance services*. Revenue from our maintenance services decreased by 23.1% from RMB5.3 million in 2022 to RMB4.0 million in 2023, as we strategically allocated more resources to develop our platform services and sales of products and reduced business with certain corporate customers who had prolonged settling trade receivables with us.

Cost of services and sales

Our cost of services and sales increased by 44.9% from RMB110.3 million in 2022 to RMB159.8 million in 2023, primarily due to increases in cost of inventories sold and staff costs.

- Cost of inventories sold increased by 76.7% from RMB41.7 million in 2022 to RMB73.7 million in 2023, primarily due to an increase in the spare parts and materials we sold to technicians and new appliances sold to consumers, reflecting the growth in the number of service orders on our platform and the increased technician centers across the country.

- Staff costs increased by 14.3% from RMB40.5 million in 2022 to RMB46.3 million in 2023, primarily due to the increased number of our employees to support the growth in the order volume on our platform.

- Service fees to technicians increased by 8.4% from RMB10.7 million in 2022 to RMB11.6 million in 2023, primarily due to an increase in sales commission to technicians for selling home appliances during their services, resulting primarily from the increase in the transaction volume on our platform.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 75.8% from RMB484.2 million in 2022 to RMB851.2 million in 2023, reflecting the overall growth in our businesses. Our gross profit margin improved from 81.4% in 2022 to 84.2% in 2023, primarily as a result of our strengthened cost control measures and increased economy of scale.

Other income

Our other income increased by 36.9% from RMB8.2 million in 2022 to RMB11.3 million in 2023, primarily due to (i) an increase of RMB1.5 million in membership income generated from consumers' subscriptions to our platform's membership program, which offers consumers discount coupons and other benefits, and (ii) an increase of RMB1.2 million in rental income from the technicians for quarters, which we provide to technicians as dormitories by utilizing our leased properties as part of our efforts to support technician well-being.

Other gains and losses

For other gains and losses, we had gains of RMB1.8 million and RMB4.1 million in 2022 and 2023, respectively, the change of which was primarily due to an increase of RMB5.6 million in net gain on the financial assets at fair value through profit or loss, consisting primarily of financial products issued by banks and structured deposits which we held for cash management purpose. Such increase was partially offset by an increase of RMB2.3 million in comfort funds that we paid to consumers and technicians for their damages occurred during the home maintenance and repair services.

Selling and marketing expenses

Our selling and marketing expenses increased by 69.9% from RMB290.9 million in 2022 to RMB494.1 million in 2023, primarily due to (i) an increase of RMB143.3 million in traffic acquisition expenses in line with the boost of service orders on our platform in 2023, (ii) an increase of RMB46.8 million in advertising and branding expenses to further promote our brand name, and (iii) an increase of RMB12.8 million in staff costs, primarily due to the increased number of our sales staff.

Administrative expenses

Our administrative expenses increased by 35.8% from RMB127.2 million in 2022 to RMB172.7 million in 2023, primarily due to (i) an increase of RMB29.4 million in staff costs as the number of our administrative and management personnel increased in response to the growth of our business and we raised the average salaries for administrative and management personnel to attract and retain talents, and (ii) an increase of RMB5.7 million in office expenses in line with our business scale expansion.

Research and development expenses

Our research and development expenses increased by 35.2% from RMB32.6 million in 2022 to RMB44.1 million in 2023, primarily because we incurred more expenses for increasing research and development activities in 2023 to retain and recruit research and development talents to support our business growth.

Changes in fair value of financial liabilities at fair value through profit or loss

We had a loss of RMB36.6 million and RMB82.4 million from changes in fair value of financial liabilities at fair value through profit or loss in 2022 and 2023, respectively, caused by an increase in the valuation of the paid-in capital with preferred rights of Chongqing Woodpecker during respective period.

[**REDACTED**]

In connection with our preparation for the proposed [**REDACTED**] and [**REDACTED**], we incurred [**REDACTED**] of RMB[**REDACTED**] million in 2023, consisting primarily of professional fees paid to legal advisors and the Reporting Accountants for their services rendered in relation to the proposed [**REDACTED**] and the [**REDACTED**]. Our [**REDACTED**] in 2022 were [**REDACTED**].

Finance costs

Our finance costs remained relatively stable at RMB0.4 million and RMB0.6 million in 2022 and 2023, respectively.

Income tax expense

Our income tax expense increased from RMB0.3 million in 2022 to RMB11.7 million in 2023, primarily due to an increase in taxable income in 2023.

Profit for the period

As a result of the foregoing, our net profit increased from RMB6.2 million in 2022 to RMB48.9 million in 2023.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenue

Our revenue increased by 48.1% from RMB401.4 million in 2021 to RMB594.6 million in 2022, primarily due to the increase in the revenue from platform services and, to a lesser extent, the revenue from sales of products.

- *Platform services*. Revenue from our platform services increased by 48.1% from RMB358.1 million in 2021 to RMB530.2 million in 2022, primarily due to an increase in the number of home maintenance and repair service orders completed through our platform. The number of service orders increased from 4.3 million in 2021 to 6.0 million in 2022, mainly driven by our strengthened service capacity as a result of the continual expansion of our partner technician base. The number of the average monthly active technicians on our *Woodpecker* platform increased from 7,092 in 2021 to 11,546 in 2022. Although we achieved a notable growth in the number of service orders in 2022, the resurgence of the COVID-19 pandemic in the fourth quarter of 2022 had constrained our overall growth because it adversely affected technicians' fulfillment of maintenance or repair services.

- *Sales of products*. Revenue from sales of products increased by 56.1% from RMB37.8 million in 2021 to RMB59.1 million in 2022, primarily due to an increase in the number of home maintenance and repair service orders completed on our platform services.

- *Maintenance services*. Revenue from our maintenance services remained relatively stable at RMB5.4 million in 2021 compared to RMB5.3 million in 2022.

Cost of services and sales

Our cost of services and sales increased by 40.9% from RMB78.3 million in 2021 to RMB110.3 million in 2022.

- Cost of inventories sold increased by 47.9% from RMB28.2 million in 2021 to RMB41.7 million in 2022, primarily due to an increase in the spare parts and materials we sold to technicians and new home appliances sold to consumers, reflecting the growth in the number of service orders on our platform.

- Staff costs increased by 47.3% from RMB27.5 million in 2021 to RMB40.5 million in 2022, primarily due to the increased number of our employees to support the growth in the transaction volume on our platform.

- Commission to internet platforms increased by 43.1% from RMB5.8 million in 2021 to RMB8.3 million in 2022, primarily because we increased the use of the commission-based cooperation model with major internet platforms enabling us to generate service orders through their mobile apps.

- Service fees to technicians increased by 16.3% from RMB9.2 million in 2021 to RMB10.7 million in 2022, primarily due to an increase in sales commission to technicians for selling home appliances during their services, reflecting consumers' acceptance of our diversified service offerings.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 49.9% from RMB323.1 million in 2021 to RMB484.2 million in 2022, and our gross profit margin improved from 80.5% to 81.4% during the same period.

Other income

Our other income increased from RMB2.8 million in 2021 to RMB8.2 million in 2022, primarily due to (i) an increase of RMB3.5 million in government grants, as we received government incentives in 2022, which were primarily one-off cash awards for our business development and contribution to the local economy, and (ii) an increase of RMB1.2 million in additional tax deduction.

Other gains and losses

For other gains and losses, we had gains of RMB3.0 million and RMB1.8 million in 2021 and 2022, respectively, the change of which was primarily due to an increase of RMB1.2 million in comfort funds that we paid to consumers and technicians for damages occurred during the home maintenance and repair services.

Selling and marketing expenses

Our selling and marketing expenses increased by 63.7% from RMB177.6 million in 2021 to RMB290.9 million in 2022, primarily due to (i) an increase of RMB72.7 million in advertising and branding expenses, primarily because we increased cooperation with certain major advertising media operators to promote our brand awareness in major markets, and (ii) an increase of RMB36.9 million in traffic acquisition expenses, reflecting our continual efforts to grow the transaction volume on our platform.

Administrative expenses

Our administrative expenses increased by 25.7% from RMB101.2 million in 2021 to RMB127.2 million in 2022, primarily due to (i) an increase of RMB26.7 million in staff costs as the number of our administrative and management personnel increased in response to the growth of our business and we raised the average salaries for administrative and management personnel to attract and retain talents, and (ii) an increase of RMB2.3 million in office expenses in line with our business scale expansion. Such increase was partially offset by a decrease of RMB5.6 million in professional service fees, as we purchased branding and strategy service from two largest independent third-party professional service providers in an aggregate amount of RMB6.4 million in 2021, to invest in our brand building foundation to boost brand awareness, while the purchase amount from there two suppliers was RMB0.6 million in 2022.

Research and development expenses

Our research and development expenses increased by 36.2% from RMB23.9 million in 2021 to RMB32.6 million in 2022, primarily because we incurred more expenses for increasing research and development activities in 2022 in line with our business growth.

Changes in fair value of financial liabilities at fair value through profit or loss

We had a loss of RMB36.6 million from changes in fair value of financial liabilities at fair value through profit or loss in 2022 caused by an increase in the valuation of the paid-in capital with preferred rights of Chongqing Woodpecker in 2022. We had a gain of RMB9.8 million from changes in fair value of financial liabilities at fair value through profit or loss in 2021 caused by the effect of the preferential rights enjoyed by the investors of the Series B+ financing on the fair value of our Company's Shares issued before the Series B+ financing in December 2021.

Finance costs

Our finance costs remained relatively stable at RMB0.4 million and RMB0.4 million in 2021 and 2022, respectively.

Income tax expense

Our income tax expense decreased by 86.7% from RMB2.0 million in 2021 to RMB0.3 million in 2022, primarily due to a decrease in taxable income in 2022.

Profit for the year

As a result of the foregoing, our net profit amounted to RMB33.4 million and RMB6.2 million in 2021 and 2022, respectively.

DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which has been extracted from the Accountants' Report included in Appendix I to this Document.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Total non-current assets	26,539	31,925	296,582	302,905
Total current assets	442,863	527,721	551,810	810,992
Total assets	**469,402**	**559,646**	**848,392**	**1,113,897**
Total non-current liabilities	232,770	268,228	356,026	9,889
Total current liabilities	96,377	144,959	295,893	867,982
Total liabilities	**329,147**	**413,187**	**651,919**	**877,871**
Net assets	**140,255**	**146,459**	**196,473**	**236,026**
Paid-in capital/share capital	31,430	31,430	31,447	45
Reserves	108,825	115,029	165,026	235,541
Non-controlling interests	–	–	–	440
Total equity	**140,255**	**146,459**	**196,473**	**236,026**

The table below sets forth our current assets and liabilities as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2021	2022	2023	2024	2024
	(RMB in thousands)				
					(unaudited)
Current assets:					
Inventories	12,957	19,728	20,263	25,849	23,384
Trade receivables	651	1,649	1,419	692	1,352
Prepayments, deposits and other receivables	36,858	88,440	146,419	159,266	190,996
Income tax recoverable	7,202	3,332	3,973	6,013	1,781
Prepayments to related parties	8,132	2,357	2,204	1,218	1,668
Amounts due from related parties	2,778	1,876	3,585	2,397	2,869
Amounts due from shareholders	–	–	17	–	–
Financial assets at fair value through profit or loss	230,600	312,830	130,357	–	–
Pledged bank deposits	3	–	–	–	–
Cash and cash equivalents	143,682	97,509	243,573	615,557	653,999
Total current assets	**442,863**	**527,721**	**551,810**	**810,992**	**876,049**
Current liabilities:					
Trade payables	7,193	16,868	20,626	23,901	22,699
Other payables	83,870	120,280	196,443	236,728	255,040
Lease liabilities	5,102	5,504	6,136	7,935	9,427
Bank borrowings	13	–	–	–	–
Other borrowing	–	–	70,000	–	–
Amounts due to related parties	10	10	1	–	–
Income tax payable	101	562	949	1,079	20
Contract liabilities	88	1,735	1,738	3,141	3,095
Financial liabilities at fair value through profit or loss	–	–	–	595,198	599,500
Total current liabilities	**96,377**	**144,959**	**295,893**	**867,982**	**889,781**
Net current assets (liabilities)	**346,486**	**382,762**	**255,917**	**(56,990)**	**(13,732)**

As of December 31, 2021, 2022 and 2023, and we recorded net current assets of RMB346.5 million, RMB382.8 million and RMB255.9 million, respectively. We recorded net current liabilities of RMB57.0 million and RMB13.7 million as of June 30, 2024 and July 31, 2024, respectively.

Our net current liabilities decreased from RMB57.0 million as of June 30, 2024 to RMB13.7 million as of July 31, 2024, primarily due to (i) an increase of RMB38.4 million in cash and cash equivalents, and (ii) an increase of RMB31.7 million in prepayments, deposits and other receivables, partially offset by an increase of RMB18.3 million in other payables.

We recorded net current liabilities of RMB57.0 million as of June 30, 2024, as compared to net current assets of RMB255.9 million as of December 31, 2023, primarily due to (i) an increase of RMB595.2 million in financial liabilities at fair value through profit or loss, (ii) a decrease of RMB130.4 million in financial assets at fair value through profit or loss, and (iii) an increase of RMB40.3 million in other payables, partially offset by (i) an increase of RMB372.0 million in cash and cash equivalents, and (ii) an increase of RMB12.8 million in prepayments, deposits and other receivables.

Our net current assets decreased from RMB382.8 million as of December 31, 2022 to RMB255.9 million as of December 31, 2023, primarily due to (i) a decrease of RMB182.5 million in financial assets at fair value through profit or loss, (ii) an increase of RMB76.2 million in other payables, and (iii) an increase of RMB70.0 million in other borrowing, partially offset by (i) an increase of RMB146.1 million in cash and cash equivalents, and (ii) an increase of RMB58.0 million in prepayments, deposits and other receivables.

Our net current assets increased from RMB346.5 million as of December 31, 2021 to RMB382.8 million as of December 31, 2022, primarily due to (i) an increase of RMB82.2 million in financial assets at fair value through profit or loss, and (ii) an increase of RMB51.6 million in prepayments, deposits and other receivables, partially offset by (i) a decrease of RMB46.2 million in cash and cash equivalents, (ii) an increase of RMB36.4 million in other payables, and (iii) an increase of RMB9.7 million in trade payables.

Assets

Inventories

Our inventories consist of (i) spare parts and materials which are commonly used by technicians during their service process, and (ii) home appliances which consumers may need to purchase to replace the ones being repaired. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Spare parts and materials. . . .	11,178	17,576	18,188	23,696
Home appliances	1,779	2,152	2,075	2,153
Total	**12,957**	**19,728**	**20,263**	**25,849**

Our inventories increased by 52.3% from RMB13.0 million as of December 31, 2021 to RMB19.7 million as of December 31, 2022, primarily because we increased our procurement in response to the increased number of our technician centers across the country and the increase in service orders on our platform. Our inventories remained relatively stable at RMB19.7 million and RMB20.3 million as of December 31, 2022 and 2023, respectively. Our inventories increased by 27.6% from RMB20.3 million as of December 31, 2023 to RMB25.8 million as of June 30, 2024, primarily due to the increased procurement and inventory buildup in response to the rise in service orders on our platform and in anticipation of the expected increased demand in summer.

The following table sets forth our inventories turnover days for the periods indicated.

	Year ended December 31,			Six months ended June 30,
	2021	2022	2023	2024
Inventories turnover days[(1)]	135	141	98	77

Note:

(1) Inventories turnover days are based on the average balance of inventories divided by cost of inventories sold for the relevant period and multiplied by the number of days in the relevant period. Average balance is calculated as the average of the beginning balance and ending balance of a given period. The number of days for the years ended December 31 is 360 days. The number of days for the six months ended June 30 is 180 days.

Our inventory turnover days remained relatively stable at 135 days and 141 days in 2021 and 2022, respectively, which decreased to 98 days in 2023 and further decreased to 77 days in the six months ended June 30, 2024, as we optimized our inventory management capabilities and our cost of inventories sold increased in 2023 in line with the growth of our revenue from sales of products during the same year.

The following table sets forth an aging analysis of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
1 - 30 days	3,721	4,413	4,772	6,766
31 - 90 days	3,376	4,053	5,542	9,212
91 - 360 days	3,411	8,012	7,147	6,525
Over 1 year	2,451	3,250	2,802	3,346
Total	**12,957**	**19,728**	**20,263**	**25,849**

As of July 31, 2024, RMB7.9 million, representing 30.4% of our inventories as of June 30, 2024 was subsequently utilized. As of December 31, 2021, 2022 and 2023, and June 30, 2024, the balances of provision of inventory impairment were approximately RMB314 thousand, RMB350 thousand, RMB295 thousand and RMB243 thousand, respectively, which we believe to be adequate by taking into account the factors including the expire dates of the inventories and the expected future demand of relevant services and products. We believe that there are no material recoverability issues for our inventories, given that (i) our inventories are spare parts and materials and home appliances that are generally not perishable in nature and can remain marketable value with relatively long life cycle, (ii) we had not encountered any material impairment loss that have materially and adversely affected our business operations caused by the utilization of inventories during the Track Record Period, (iii) the accumulation of our inventories are backed by sufficient demand for home maintenance and repair services in line with our business growth.

Trade receivables

During the Track Record Period, our trade receivables mainly related to the amounts due from corporate customers of our maintenance services. Our trade receivables amounted to RMB0.7 million, RMB1.6 million, RMB1.4 million and RMB0.7 million as of December 31, 2021, 2022 and 2023, and June 30, 2024, respectively.

Trade receivables turnover days for a given period are equal to the average balances of trade receivables at the beginning and at the end of the period divided by revenue from our maintenance services to corporate customers during the period and multiplied by the number of days during the period. For the calculation purpose, the number of days for the years ended December 31 is 360 days, and for the six months ended June 30 is 180 days. Our trade receivables turnover days decreased from 169 days in 2021 to 82 days in 2022 as we enhanced our collection efforts. Our trade receivable turnover days increased to 143 days in 2023, primarily due to the decrease in our revenue from maintenance services to corporate customers in 2023 compared to that of 2022. Our trade receivable turnover days decreased to 29 days in the six months ended June 30, 2024, primarily due to our improved management of our trade receivables. See "— Period to Period Comparison of Results of Operations" for more details.

The following is an aging analysis of trade receivables presented based on the billing date.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Within 90 days	526	1,363	1,137	337
91 to 180 days	51	312	321	248
181 to 365 days	75	5	17	141
Over 365 days	29	41	13	3
	681	1,721	1,488	729
Less: allowance for credit losses	(30)	(72)	(69)	(37)
Trade receivables	651	1,649	1,419	692

We generally grant our corporate customers a credit period of 30 to 120 days. We seek to maintain strict control over our outstanding trade receivables. Our management regularly reviews the recoverability of overdue balances and when appropriate and decides the allowance made for impairment loss on such trade receivables. Our sales and marketing personnel closely follow up with our corporate customers on payment status and take prompt actions to collect the trade receivables when they become due. We apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and have been collectively assessed on likelihood of recovery, taking into account the industries which the customers are operating in, their aging category and past collection history.

As of July 31, 2024, RMB11 thousand, representing 1.5% of our trade receivables as of June 30, 2024, had been settled. During the Track Record Period, in accordance with our accounting policies in relation to the expected credit losses, we recognized impairment losses on trade receivables of approximately RMB42 thousand and RMB67 thousand in 2022 and 2023 in the consolidated statements of profit or loss, respectively, which we believe to be adequate. We believe that there are no material recoverability issues for our trade receivables, given that (i) our corporate customers are primarily large corporate entities with solid credit profiles and a history of settling receivables with us, (ii) our sales personnel maintain regular communication with these customers to monitor their business performance and financial position and to discuss settlement plans, and (iii) we have generally maintained good business relationships with these customers.

Prepayments, deposits and other receivables

Our prepayments, deposits and other receivables consist primarily of (i) prepayments to suppliers and service providers in connection with our business operations, (ii) amounts due from licensed commercial banks, (iii) amounts due from aggregation platforms, (iv) deposits paid to suppliers, (v) input value added tax recoverable, and (vi) advance to employees.

The following table sets forth the details of our prepayments, other receivables and other assets as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Prepayments to suppliers and service providers	26,726	23,622	54,173	92,788
Amounts due from licensed commercial banks[1]	–	44,885	64,139	25,215
Amounts due from aggregation platforms[2]	3,651	11,864	17,854	30,069
Deposits paid to suppliers	2,418	3,268	4,817	7,014
Input value added tax recoverable	2,707	2,348	2,265	2,313
Advance to employees	2,571	2,999	3,654	3,451
Prepayments for long term service	1,000	1,000	–	–
Rental deposits	1,029	1,295	1,169	1,442
Deferred share issue costs	–	–	1,996	3,592
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	203	1,979	760	531
Total	**40,305**	**93,260**	**150,889**	**166,678**

Notes:

(1) Represents the net amount between (i) the amounts that we are entitled to receive from the licensed bank based on the settlement of service fees between technicians and our platform but had not been transferred to us, which we recorded as amounts due from the licensed commercial bank, and (ii) the amounts collected by third-party aggregation platforms on behalf of our Group but had not been transferred to our designated bank account with the licensed commercial bank pursuant to the standard agreements with partner technicians, which we recorded as amounts due to the licensed commercial bank. Amounts due from the licensed commercial bank and amounts due to the licensed commercial bank are offset and the net amount is presented in the consolidated statement of financial position, as the Group has a right to net off the recognized amounts and intends to settle on a net basis. The balance of amounts due from licensed commercial banks amounted to nil as of December 31, 2021, as compared to that of RMB44.9 million, RMB64.1 million and RMB25.2 million as of December 31, 2022 and 2023 and June 30, 2024, respectively, because of the increased transfer frequency of the amounts from aggregation platforms to the licensed commercial bank, resulting in the amounts due to the licensed commercial bank being less than the amounts due from the licensed commercial bank. Prior to July 2022, we collected and settled the amounts due from the licensed commercial bank generally on a monthly basis, and we currently settle with such bank generally on a weekly basis. See "— Liabilities — Other payables" for more details.

(2) Represents the amounts due from third-party aggregation platforms, primarily including lifestyle service applications and search engines, which we cooperate with to acquire home maintenance and repair service orders, netting off relevant service fee charged by the aggregation platforms. When home maintenance and repair services are accessed through these aggregation platforms, the payment is collected by these platforms on behalf of us. The amounts due from aggregation platforms are normally transferred to our account within 90 days.

Our prepayments, deposits and other receivables increased by 10.5% from RMB150.9 million as of December 31, 2023 to RMB166.7 million as of June 30, 2024, primarily due to increases in prepayments to suppliers and service providers and amounts due from aggregation platforms. Prepayments to suppliers and service providers increased by 71.3% from RMB54.2 million as of December 31, 2023 to RMB92.8 million as of June 30, 2024, primarily due to our increased marketing and advertising activities to further enlarge our business scale. Amounts due from aggregation platforms increased by 68.4% from RMB17.9 million as of December 31, 2023 to RMB30.1 million as of June 30, 2024, primarily due to an increase in the number of service orders placed through other major internet platforms.

Our prepayments, deposits and other receivables increased by 61.8% from RMB93.3 million as of December 31, 2022 to RMB150.9 million as of December 31, 2023, primarily due to increases in prepayments to suppliers and service providers, amounts due from licensed commercial banks and amounts due from aggregation platforms. Prepayments to suppliers and service providers increased by 129.3% from RMB23.6 million as of December 31, 2022 to RMB54.2 million as of December 31, 2023, primarily due to (i) our increased marketing and advertising activities to further enlarge our business scale, and (ii) the growth of our business resulting in increased purchases for operations. Amounts due from licensed commercial banks increased by 42.9% from RMB44.9 million as of December 31, 2022 to RMB64.1 million as of December 31, 2023, primarily reflecting an increase in the GTV of service orders completed through our platform. Amounts due from aggregation platforms increased by 50.5% from RMB11.9 million as of December 31, 2022 to RMB17.9 million as of December 31, 2023, primarily due to an increase in the number of service orders placed through other major internet platforms.

Prepayments, deposits and other receivables increased by 131.4% from RMB40.3 million as of December 31, 2021 to RMB93.3 million as of December 31, 2022, primarily due to increases in amounts due from licensed commercial banks and amounts due from aggregation platforms. Amounts due from licensed commercial banks was nil as of December 31, 2021 compared to RMB44.9 million as of December 31, 2022. These balances reflected the net amount in our designated bank account with the licensed PRC commercial banks after this bank settles the service fees between technicians and our Group. Amounts due from aggregation platforms increased by 225.0% from RMB3.7 million as of December 31, 2021 to RMB11.9 million as of December 31, 2022, primarily due to an increase in the number of service orders placed through other major internet platforms.

As of July 31, 2024, RMB25.2 million, representing 100.0% of our amounts due from licensed commercial banks as of June 30, 2024, had been settled; and RMB24.6 million, representing 81.9% of our amounts due from aggregation platforms as of June 30, 2024, had been settled.

Prepayments to related parties

During the Track Record Period, our prepayments to related parties represented the prepayments to 58 Tongcheng Information Technology Co., Ltd., or 58 Tongcheng, and its subsidiaries in connection with acquiring consumer traffic from 58 Tongcheng. Prepayments to 58 Tongcheng and its subsidiaries decreased from RMB8.1 million as of December 31, 2021 to RMB2.4 million as of December 31, 2022, primarily due to the decrease of our cooperation with 58 Tongcheng in connection with the consumer traffic acquisition. Prepayments to 58 Tongcheng and its subsidiaries remained relatively stable at RMB2.2 million and RMB1.2 million as of December 31, 2023 and June 30, 2024, respectively.

Amounts due from related parties

During the Track Record Period, our amounts due from related parties mainly represented the amounts paid by consumers for home maintenance and repair service orders that are placed through the platforms operated by Tianjin Haodaojia and 58 Tongcheng, who collect such payments from consumers on our behalf and usually settles with us within 30 days. To a lesser extent, our amounts due from related parties during the Track Record Period included advances to related parties that were non-trade in nature and were unsecured, interest free and repayable on demand. The non-trade balances have been fully settled in January 2024. Amounts due from related parties remained relatively stable at RMB2.8 million, RMB1.9 million, RMB3.6 million and RMB2.4 million as of December 31, 2021, 2022 and 2023, and June 30, 2024, respectively.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss consist primarily of (i) structured deposits, (ii) financial products issued by banks, and (iii) our investment in a partnership.

The table below sets forth a breakdown of our financial assets at fair value through profit or loss as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Financial products issued by banks	30,000	–	80,013	–
Structured deposits	200,600	312,830	50,344	–
Investment in a partnership[(1)]	5,001	828	666	673
Total	**235,601**	**313,658**	**131,023**	**673**

Note:

(1) Represents the fair value of a 50% equity interest in Zhuhai Beihe No. 1 Investment Fund (Limited Partnership) held by us as a limited partner.

As of December 31, 2021 and 2022, our financial assets at fair value through profit or loss were RMB235.6 million and RMB313.7 million, respectively, the increase of which was primarily due to an increase of the purchase of wealth management products, including financial products issued by banks and structured deposits. Our financial assets at fair value through profit or loss decreased from RMB313.7 million as of December 31, 2022 to RMB131.0 million as of December 31, 2023, primarily due to a decrease of RMB262.5 million in structured deposits in preparing for the payment of consideration to certain then existing shareholders of Chongqing Woodpecker in relation to the capital reduction of Chongqing Woodpecker in January 2024. See "History, Reorganization and Corporate Structure — Major Acquisitions, Disposals and Mergers — 3. Capital Reduction of Chongqing Woodpecker" for more details. Our financial assets at fair value through profit or loss decreased from RMB131.0 million as of December 31, 2023 to RMB0.7 million as of June 30, 2024, primarily due to a decrease of RMB80.0 million in our financial products issued by banks and a decrease of RMB50.3 million in structured deposits, as we reduced our holdings of financial products and structured deposits taking into account our funds management arrangements in the six months ended June 30, 2024.

We manage and evaluate the performance of investments on a fair value basis in accordance with our risk management and investment strategy. Our investment strategy related to wealth management products seeks to minimize financial risks by reasonably matching the maturities of the portfolio to anticipated operating cash needs, and to generate investment returns for the benefits of our Shareholders. In assessing the wealth management products, we apply a number of standards, including (i) investment in high risk products are prohibited, (ii) the proposed investment must not interfere with our business operations or capital expenditures, and (iii) the wealth management products must be issued by a reputable bank.

The underlying investments of these wealth management products primarily include, among others, low-risk bond products, money market instruments and other types of standardized financial products listed and traded in the inter-bank market, representing a relatively lower risk profile. The return of the wealth management products is based on the performance of the underlying investments. Our wealth management products have a maturity period of less than one year. We purchased all of our structured deposits from state-owned or reputable national commercial banks in China with low risks and high liquidity during the Track Record Period.

Our chairman of the Board oversees the implementation of wealth management policies by authorized officers. According to our internal cash management policies, our chairman of the Board and authorized officers approve investment of idle cash in accordance with the foregoing principles which are set out in the policies. The officers implementing our wealth management policies bring a wealth of management expertise and skills from extensive careers in the financial services. For details of the valuation of our financial assets, see Note 38 to the Accountants' Report included in Appendix I to this Document.

Upon [**REDACTED**], our investments in financial assets at fair value through profit or loss will be subject to compliance with Chapter 14 of the Listing Rules.

Liabilities

Trade payables

Our trade payables consist primarily of trade payables to spare parts, materials and home appliance suppliers in relation to our ordinary business. During the Track Record Period, our trade payables were non-interest bearing and the majority were with a credit term of 30-60 days. Our trade payables increased by 134.5% from RMB7.2 million as of December 31, 2021 to RMB16.9 million as of December 31, 2022, and further increased by 22.3% to RMB20.6 million as of December 31, 2023, and then by 15.9% to RMB23.9 million as of June 30, 2024, generally in line with our revenue growth. Trade payables turnover days for each period equals the average of the beginning and ending balances of trade payables for that period divided by cost of services and sales for the period and multiplied by the number of days in that period. For the calculation purpose, the number of days for the years ended December 31 is 360 days, and for the six months ended June 30 is 180 days. Our trade payables turnover days increased from 20 days in 2021 to 39 days in 2022, and further increased to 42 days in 2023, as we increased spare parts, materials and home appliance purchase from suppliers in line with our business growth. Our trade payables turnover days was 33 days in the six months ended June 30, 2024, which was within the normal credit terms granted by our suppliers.

The following table sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Within 30 days	5,136	11,735	18,717	23,535
31 to 60 days	1,119	4,899	1,596	32
61 to 180 days	432	103	24	277
More than 181 days	506	131	289	57
Total	**7,193**	**16,868**	**20,626**	**23,901**

As of July 31, 2024, RMB16.0 million, representing 66.8% of our trade payables as of June 30, 2024, had been settled.

Other payables

Our other payables consist primarily of (i) warranty deposits from technicians, (ii) staff costs payable, and (iii) other taxes payables. The following table sets forth the breakdown of other payables as of the dates indicated.

	As of December 31,			As of June 30,
	2021	2022	2023	2024
	(RMB in thousands)			
Warranty deposits from technicians	41,839	71,744	113,779	142,316
Staff costs payable	32,230	43,158	64,502	74,385
Amount due to a licensed commercial bank(1)	5,796	–	–	–
Other taxes payables(2)	1,960	2,170	4,166	3,944
Deposits from suppliers	204	174	413	453
Accrued expenses for the settlement of technicians' award credits with a third party	–	–	–	4,137
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accrued share issue costs	–	–	1,039	437
Others	1,841	3,034	6,243	8,517
Total	**83,870**	**120,280**	**196,443**	**236,728**

Notes:

(1) Represents the net amount between (i) the amounts collected by third-party aggregation platforms on behalf of our Group but had not been transferred to our designated bank account with the licensed commercial bank, which we recorded as amounts due to the licensed commercial bank, and (ii) the amounts that we are entitled to receive from the licensed bank based on the settlement of service fees between technicians and our platform but had not been transferred to us, which we recorded as amounts due from the licensed commercial bank. Amounts due to the licensed commercial bank and amounts due from the licensed commercial bank are offset and the net amount is presented in the consolidated statement of financial position, as the Group has a right to net off the recognized amounts and intends to settle on a net basis. The balance of amounts due to a licensed commercial bank amounted to nil, nil and nil as of December 31, 2022, December 31, 2023 and June 30, 2024, as compared to that of RMB5.8 million as of December 31, 2021, because of the increased transfer frequency of the amounts from third-party aggregation platforms to the licensed commercial bank, resulting in the amounts due to the licensed commercial bank being less than the amounts due from the licensed commercial bank. See "— Assets — Prepayments, deposits and other receivables" for more details.

(2) Represents taxes payable other than enterprise income tax, consisting primarily of individual income tax withheld by us, value added tax payable, stamp duty, and other taxes and surcharges.

Our other payables increased by 20.5% from RMB196.4 million as of December 31, 2023 to RMB236.7 million as of June 30, 2024, primarily due to (i) an increase of RMB28.5 million in warranty deposits from technicians in line with the continued expansion of our partner technicians pool, and (ii) an increase of RMB9.9 million in staff costs payable in line with our business growth. Our other payables increased by 63.3% from RMB120.3 million as of December 31, 2022 to RMB196.4 million as of December 31, 2023, primarily due to (i) an increase of RMB42.0 million in warranty deposits from technicians in line with the continued expansion of our partner technicians pool, (ii) an increase of RMB21.3 million in staff costs payable in line with our business growth, and (iii) accrued [**REDACTED**] of RMB[**REDACTED**] million in relation to our proposed [**REDACTED**]. Our other payables increased by 43.4% from RMB83.9 million as of December 31, 2021 to RMB120.3 million as of December 31, 2022, primarily due to (i) an increase of RMB29.9 million in warranty deposits from technicians in line with the growth of our partner technicians pool, and (ii) an increase of RMB10.9 million in staff costs payable in line with our business growth.

Contract liabilities

Our contract liabilities primarily represented (i) the advance payments from corporate customers for our maintenance services, and (ii) the coupons that our consumers have received but are not yet redeemed under our membership program. Our contract liabilities significantly increased from approximately RMB88 thousand as of December 31, 2021 to RMB1.7 million as of December 31, 2022, and remained stable at RMB1.7 million as of December 31, 2023, primarily due to (i) an increase in prepayments from corporate customers for our maintenance services, and (ii) an increase in coupons we offered consumers as a result of the increased number of transacting consumers subscribing to our membership program. Our contract liabilities increased by 80.7% from RMB1.7 million as of December 31, 2023 to RMB3.1 million as of June 30, 2024, primarily due to an increase of RMB1.8 million in advance prepayments from corporate customers for our maintenance services.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity and Working Capital

Our primary use of cash is to fund our working capital requirements and other recurring expenses. During the Track Record Period, we had financed our operations primarily through cash generated from our operating activities and equity financing activities. In the foreseeable future, we believe that our liquidity requirements will be satisfied with a combination of cash flow generated from our operating activities, the [**REDACTED**] received from the [**REDACTED**], and other funds raised from the capital markets from time to time. We will closely monitor the level of our working capital, and diligently review future cash flow requirements and adjust our operation and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations.

Cash Flows

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

	Year ended December 31,			Six months ended June 30,	
	2021	2022	2023	2023	2024
	(RMB in thousands)				
				(Unaudited)	
Net cash from operating activities	36,936	39,463	149,462	83,491	94,564
Net cash (used in) from investing activities	(209,666)	(78,194)	(64,176)	(35,203)	126,980
Net cash from (used in) financing activities	201,219	(7,442)	60,813	(4,595)	150,012
Net increase (decrease) in cash and cash equivalents	**28,489**	**(46,173)**	**146,099**	**43,693**	**371,556**
Cash and cash equivalents at beginning of the year/period	115,193	143,682	97,509	97,509	243,573
Effect of foreign exchange rate changes	–	–	(35)	–	428
Cash and cash equivalents at end of the year/period	**143,682**	**97,509**	**243,573**	**141,202**	**615,557**

Operating activities

Net cash from operating activities was RMB94.6 million in the six months ended June 30, 2024, primarily due to a profit before tax of RMB46.3 million, as adjusted by (i) certain non-cash items primarily comprising of changes in fair value of financial liabilities at fair value through profit or loss of RMB22.7 million, and (ii) changes in working capital, which primarily comprised of an increase in other payables of RMB40.9 million.

Net cash from operating activities in 2023 was RMB149.5 million, primarily due to a profit before tax of RMB60.6 million, as adjusted by (i) certain non-cash items primarily comprising of changes in fair value of financial liabilities at fair value through profit or loss of RMB82.4 million, and (ii) changes in working capital, which primarily comprised of an increase in other payables of RMB75.1 million, partially offset by an increase in prepayments, deposits and other receivables of RMB55.6 million.

Net cash from operating activities in 2022 was RMB39.5 million, primarily due to a profit before tax of RMB6.5 million, as adjusted by (i) certain non-cash items primarily comprising of changes in fair value of financial liabilities at fair value through profit or loss of RMB36.6 million, and (ii) changes in working capital, which primarily comprised of an increase in other payables of RMB36.4 million and an increase in trade payables of RMB9.7 million, partially offset by an increase in prepayments, deposits and other receivables of RMB52.7 million.

Net cash from operating activities in 2021 was RMB36.9 million, primarily due to a profit before tax of RMB35.5 million, as adjusted by (i) certain non-cash items primarily comprising of changes in fair value of financial liabilities at fair value through profit or loss of RMB9.8 million, and (ii) changes in working capital, which primarily comprised of an increase in other payables of RMB34.5 million and an increase in trade payables of RMB5.9 million, partially offset by an increase in prepayments, deposits and other receivables of RMB15.8 million.

Investing activities

Net cash from investing activities in the six months ended June 30, 2024 was RMB127.0 million, primarily due to proceeds on disposal of financial assets at fair value through profit or loss of RMB230.6 million, which was partially offset by purchase of financial assets at fair value through profit or loss of RMB100.0 million.

Net cash used in investing activities in 2023 was RMB64.2 million, primarily due to purchase of financial assets at fair value through profit or loss of RMB880.0 million which was partially offset by proceeds on disposal of financial assets at fair value through profit or loss of RMB1,071.7 million.

Net cash used in investing activities in 2022 was RMB78.2 million, primarily due to purchase of financial assets at fair value through profit or loss of RMB840.0 million which was partially offset by proceeds on disposal of financial assets at fair value through profit or loss of RMB765.4 million.

Net cash used in investing activities in 2021 was RMB209.7 million, primarily due to purchase of financial assets at fair value through profit or loss of RMB673.0 million which was partially offset by proceeds on disposal of financial assets at fair value through profit or loss of RMB466.5 million.

Financing activities

Net cash from financing activities in the six months ended June 30, 2024 was RMB150.0 million, primarily due to proceeds from financial liabilities at fair value through profit or loss of RMB448.3 million, which was partially offset by capital reduction of holders of paid-in capital with preferred rights of Chongqing Woodpecker of RMB221.7 million, and repayment of other borrowing of RMB70.0 million.

Net cash from financing activities in 2023 was RMB60.8 million, primarily due to new other borrowing raised of RMB70.0 million.

Net cash used in financing activities in 2022 was RMB7.4 million, primarily due to repayment of lease liabilities of RMB6.5 million and repayments of bank borrowings of RMB1.0 million.

Net cash from financing activities in 2021 was RMB201.2 million, primarily due to proceeds from financial liabilities at fair value through profit or loss of RMB205.0 million which was slightly offset by repayment of lease liabilities of RMB4.8 million.

INDEBTEDNESS

The following table sets forth the details of our indebtedness as of the dates indicated.

	As of December 31,			As of June 30,	As of July 31,
	2021	2022	2023	2024	2024
					(unaudited)
	(RMB in thousands)				
Current:					
Lease liabilities	5,102	5,504	6,136	7,935	9,427
Bank borrowings	13	–	–	–	–
Amounts due to related parties	10	10	1	–	–
Other borrowing	–	–	70,000	–	–
Financial liabilities at fair value through profit or loss	–	–	–	595,198	599,500

	As of December 31,			As of June 30,	As of July 31,
	2021	2022	2023	2024	2024
					(unaudited)
			(RMB in thousands)		
Non-current:					
Lease liabilities	4,880	4,659	10,066	9,634	9,151
Bank borrowings	977	10	–	–	–
Financial liabilities at fair value through profit or loss.	226,785	263,427	345,809	–	–
Total	**237,767**	**273,610**	**432,012**	**612,767**	**618,078**

Lease Liabilities

Our lease liabilities primarily comprise leases of offices with a term of one year or more. As of December 31, 2021, 2022 and 2023, June 30, 2024 and July 31, 2024, we had a total of current and non-current lease liabilities of RMB10.0 million, RMB10.2 million, RMB16.2 million, RMB17.6 million and RMB18.6 million, respectively. As of June 30, 2024, the incremental borrowing rates applied to lease liabilities range from 3.95% to 4.65%.

Bank Borrowings

As of December 31, 2021, 2022 and 2023, June 30, 2024 and July 31, 2024, we had a total of bank borrowings of approximately RMB990 thousand, RMB10 thousand, nil, nil and nil, respectively. For non-current bank borrowings, we obtained financing from banks which carry variable-rate interests at five-year loan prime rate minus 0.15% per annum with interest rates reset annually. We prepaid the bank borrowings of RMB980 thousand in 2022 as our Directors were of the view that the working capital of our Group was sufficient to support our business operations.

As of July 31, 2024, we had unutilized banking facilities of RMB180 million.

Amounts Due to Related Parties

As of December 31, 2021, 2022 and 2023, June 30, 2024 and July 31, 2024, we had amounts due to related parties of RMB10 thousand, RMB10 thousand, RMB1 thousand, nil and nil, respectively, which were non-trade in nature. All amounts due to related parties are unsecured, interest free and repayable on demand, and were paid off in full in December 2023. For details of our amounts due to related parties, see Note 42 to the Accountants' Report in Appendix I to this Document.

Other Borrowing

As of December 31, 2023, we had other borrowing of RMB70.0 million, representing the onshore loan to Chongqing Woodpecker by certain Series C Investors in consideration for the issuance of Shares by our Company which is conditional upon the completion of overseas direct investment filings and approvals with competent Chinese governmental authorities by certain Series C Investors or their respective affiliates. Upon the completion of such filings and approvals, Chongqing Woodpecker shall be obligated to make repayment of the full principal amount of the onshore loan to relevant Series C Investors, and the full repayment amount shall be remitted offshore to fund the subscription of our Shares by such Series C Investors. As of June 30, 2024 and July 31, 2024, our other borrowing amounted to nil and nil, respectively, as Chongqing Woodpecker made repayment of the full principal amount of the onshore loan to the relevant Series C Investors upon the relevant investors completing the ODI Filings, and the full repayment amount was remitted offshore to fund the subscription of the shares by the relevant Series C Investors. See "History, Reorganization and Corporate Structure" in this Document.

Financial Liabilities at Fair Value through Profit or Loss

During the Track Record Period, financial liabilities at fair value through profit or loss represented the paid-in capital with preferred rights of Chongqing Woodpecker and our Preferred Shares. Changes in fair value of these financial liabilities had been recognized in the consolidated statements of profit or loss. Financial liabilities at fair value through profit or loss amounted to RMB226.8 million, RMB263.4 million and RMB345.8 million as of December 31, 2021, 2022 and 2023, respectively. As of June 30, 2024 and July 31, 2024, financial liabilities at fair value through profit or loss represented our Company's Preferred Shares and amounted to RMB595.2 million and RMB599.5 million, respectively.

Indebtedness Statement

Except as disclosed above, as of July 31, 2024, being the latest practicable date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors also confirm that there has been no material change in our indebtedness since the Latest Practicable Date and up to the date of this document.

CONTINGENT LIABILITIES

As of the Latest Practicable Date, we did not have any significant contingent liabilities.

CAPITAL EXPENDITURES

During the Track Record Period, our capital expenditures consisted of purchases of property, plant and equipment as well as purchases of intangible assets. Our capital expenditures amounted to RMB2.7 million, RMB3.3 million, RMB4.5 million and RMB5.2 million in 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively. We expect to finance our planned capital expenditures through operating cash flows. We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of June 30, 2024, we had capital commitments of RMB10.9 million in relation to the acquisition of property, plant and equipment contracted for but not provided in the consolidated statements of financial position.

As of December 31, 2023, we had capital commitments of RMB4.2 million in relation to the design fee of the science and technology park which we plan to construct on the land acquired in November 2023. See "Business — Properties — Owned Property" for more details.

As of December 31, 2021 and 2022, we did not have any material capital commitments.

DIVIDEND

During the Track Record Period, we did not pay or declare any dividend. According to our dividend policy, the Articles of Association and applicable laws and regulations, the determination to pay dividends will be made at the discretion of our Directors and will depend upon, among others, the financial results, cash flow, business conditions and strategies, future operations and earnings, capital requirements and expenditure plans, any restrictions on payment of dividends, and other factors that our Directors may consider relevant. We do not have a pre-determined dividend payout ratio. We will continue to re-evaluate our dividend policy in light of our financial condition and the prevailing economic environment.

As advised by our Cayman legal advisors, we are a holding company incorporated under the laws of the Cayman Islands, pursuant to which, the financial position of accumulated losses does not prohibit us from declaring and paying dividends to our Shareholders, as dividends may still be declared and paid out of our share premium account notwithstanding our profitability, provided that our Company satisfies the solvency test set out in the Cayman Companies Act.

DISTRIBUTABLE RESERVES

As of June 30, 2024, we had distributable reserves, comprising retained profits of our Group, of RMB175.2 million.

WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including cash generated from operating activities and the estimated [**REDACTED**] from the [**REDACTED**], our Directors are of the view that we have sufficient working capital to meet our present requirements and for the next 12 months from the date of this Document.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated.

	Year ended December 31,			Six months ended June 30,	
	2021	**2022**	**2023**	**2023**	**2024**
				(Unaudited)	
Period-to-period revenue growth	N/A	48.1%	70.0%	N/A	45.1%
Net profit margin[(1)]	8.3%	1.0%	4.8%	9.7%	6.2%
Adjusted net margin (non-IFRS measure)[(2)]	5.9%	7.2%	14.3%	17.5%	11.7%

Notes:

(1) Net profit margin represents profit and total comprehensive income for the year/period as a percent of the total revenue for the year/period.

(2) Adjusted net margin (non-IFRS measure) represents adjusted net profit (non-IFRS measure) as a percent of the total revenue for the year/period. For the reconciliation of net profit and adjusted net profit (non-IFRS measure), see "— Description of Major Comprehensive Income Line Items — Non-IFRS Measure."

DISCLOSURE ABOUT FINANCIAL RISKS

Our activities are exposed to a variety of financial risks, including market risk (including interest rate risk and other price risk), credit risk and liquidity risk. Our overall risk management strategy seeks to minimize the potential adverse effects on our financial performance. Our management is responsible for the risk management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market Risk

Interest rate risk

We are exposed to fair value interest rate risk in relation to pledged bank deposits, lease liabilities, paid-in capital with preferred rights and Preferred Shares. We are also exposed to cash flow interest risk in relation to variable-rate bank balances and variable-rate bank borrowings, which carry prevailing market interests. Our management manages the interest rate risk by maintaining a balanced portfolio of fixed rate and floating rate bank borrowings and bank balances. We manage our interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

Other price risk

We are exposed to other price risk through paid-in capital with preferred rights, Preferred Shares and investments in financial assets measured at fair value through profit or loss. For the sensitivity analyses for paid-in capital with preferred rights, Preferred Shares and investment in a partnership, see Note 38 to the Accountants' Report included in Appendix I to this Document. Our management considers the fluctuation in fair value changes on financial products issued by banks and structured deposits insignificant, taking into account the short-term duration of such financial products.

Credit Risk

Our maximum exposure to credit risk which will cause a financial loss to us due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets including trade receivables, deposits and other receivables, amounts due from related parties, financial assets at fair value through profit or loss, pledged bank deposits and cash and cash equivalents.

Trade receivables

For trade receivables, we have applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit loss. We determine the expected credit loss on these items by using a provision matrix-debtors aging, based on shared credit risk characteristics by reference to repayment histories. The provision rates applied is estimated using the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonably and supportably available without undue costs or effort. At the end of each of the reporting period, these historical loss rates are reassessed and updated if required after considering the forward-looking information then available to our Directors. In this regard, our Directors consider that our credit risk is significantly reduced.

As part of our credit risk management, we use debtors' aging to assess the impairment for the customers in relation to the operation because these customers with common risk characteristics are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by our management to ensure relevant information about specific debtors is updated. We write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Amounts due from related parties

In determining the expected credit loss for amounts due from related parties, our management has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. In view of the strong financial capability of these related parties and considered the future prospects of the industry in which these related parties operate, our management does not consider there is a risk of default and does not expect any losses from non-performance by these related parties, therefore the loss rates of amounts due from related parties are estimated to be low, and accordingly, no expected credit loss was recognized in respect of the amounts due from related parties as of December 31, 2021 and 2022 and 2023 and June 30, 2024.

For further details, see Note 37 to the Accountants' Report included in Appendix I to this Document.

Liquidity Risk

In the management of the liquidity risk, our management monitors and maintains a reasonable level of cash and cash equivalents which our management considers to be adequate to finance our operations and reduce fluctuations in cash flows. We rely on the cash generated from operating activities as the main source of liquidity. For the years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2023 and 2024, our Group had net cash generated from operating activities of RMB36.9 million, RMB39.5 million, RMB149.5 million, RMB83.5 million and RMB94.6 million, respectively. For the analysis of our financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date, see Note 37 to the Accountants' Report included in Appendix I to this Document.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we entered into various related party transactions. For more details about our related party transactions, see Note 42 to the Accountants' Report in Appendix I to this Document and "Relationship with the Controlling Shareholders."

Our Directors believe that each of the related party transactions set out in Note 42 to the Accountants' Report in Appendix I to this Document was conducted on an arm's length basis and would not distort our track record results or make our historical results not reflective of our future performance.

[**REDACTED**]

Our [**REDACTED**] mainly include [**REDACTED**], incentive fees, professional fees paid to legal advisers and the Reporting Accountants for their services rendered in relation to the [**REDACTED**] and the [**REDACTED**]. The estimated total [**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] and assuming that the [**REDACTED**] is not exercised) for the [**REDACTED**] are approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), representing [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]. The estimated total [**REDACTED**] consist of (i) [**REDACTED**] expenses (including but not limited to commissions and fees) of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), and (ii) [**REDACTED**] related expenses of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), which consist of fees and expenses of legal advisors and Reporting Accountants of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million), and other fees and expenses of approximately RMB[**REDACTED**] million (approximately HK$[**REDACTED**] million). The [**REDACTED**] above are the best estimate as of the Latest Practicable Date and are for reference only. The actual amount may differ from such estimate. In 2021, 2022 and 2023, and June 30, 2023 and 2024, we incurred [**REDACTED**] of [**REDACTED**], [**REDACTED**], RMB[**REDACTED**] million, [**REDACTED**] and RMB[**REDACTED**] million, respectively, which have been charged to our consolidated statements of profit and loss. We expect to incur additional [**REDACTED**] of approximately RMB[**REDACTED**] million, of which RMB[**REDACTED**] million is expected to be charged to our consolidated statements of profit and loss and RMB[**REDACTED**] million is expected to be deducted from equity.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

[**REDACTED**]

[**REDACTED**]

See "Appendix II — Unaudited Pro Forma Financial Information."

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this Document, there had been no material adverse change in financial and [**REDACTED**] positions or prospects of our Group since June 30, 2024, being the date on which our latest audited consolidated financial statements as set out in Appendix I to this Document, and there had been no event since June 30, 2024 which would materially affect the information in the Accountants' Report set out in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER CHAPTER 13 OF THE LISTING RULES

Except as otherwise disclosed in this Document, our Directors confirm that, as of the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS

See "Business — Our Growth Strategies" for a detailed description of our future business plans and strategies.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**] million, after deducting estimated [**REDACTED**], fees and expenses payable by us in connection with the [**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, and assuming the [**REDACTED**] is not exercised.

We currently intend to apply the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to expand our service coverage by (i) diversifying our service categories, and (ii) extending the geographical reach of our new services:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to diversify our service categories, with a focus on providing maintenance and repair services for consumer electronics such as smart devices and mobile phones at consumers' residence. We will invest in developing standardized procedures and know-how for these emerging categories, recruiting technicians with expertise in servicing consumer electronics, providing additional training for existing technicians, and advertising our new services. In particular, over the next two years:

    (a) Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used for advertising campaigns aimed at promoting the emerging services;

    (b) To ensure sufficient coverage for these emerging services, approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to recruit new technicians, train existing ones and hire in-house technical experts to provide real-time assistance for technicians in resolving challenges;

    (c) Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to establish a supply chain for the spare parts and materials used for these emerging services;

    (d) Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to hire operational specialists to develop and optimize SOPs for the emerging services, as well as to recruit technology and quality control specialists to enable real-time quality checks through our digital system; and

(e) Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to upgrade our training curriculum and enhance our training facilities and capabilities to align with the requirements of the emerging services.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to extend the geographical reach of our new services. We will make these emerging service categories available in additional markets, particularly in lower-tier cities with large potential consumer bases, and increase market penetration in existing areas. In particular, over the next three years, for smart devices, our focus is strengthening our presence in tier-1 and tier-2 cities; regarding mobile phones, our priority is enhancing coverage in cities where we have established subsidiaries. Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used for promotional campaigns in the cities where we are expanding, while approximately [**REDACTED**]% will be used to recruit new technicians and train existing ones to ensure coverage in these new markets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for technician recruitment and empowerment:

(i) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to expand our network of partner technicians. Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to cover expenses in direct recruitment activities and employee referrals. Approximately [**REDACTED**]% will be used to establish our recruitment network, covering diverse channels such as mobile apps, blogs, WeChat mini-app and online communities to attract more technicians to our platform, as well as a variety of interactive activities to enhance their engagement and loyalty with our platform. Over the next three years, we plan to recruit over 30 thousand technicians to provide consumers with better and more efficient services.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for technician empowerment through the upgrading of the technician training system and the building of technician empowerment system. Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to upgrade our technician training system by (i) enhancing our training facilities and equipment; (ii) recruiting additional training instructors and operational staff to ensure the effective execution of training programs; and (iii) optimizing training content tailored for various service categories. Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to advance our digital empowerment tools by (i) expanding our maintenance and repair knowledge base, built on category- and fault-specific expertise, to help technicians improve their service capabilities; and (ii) enhancing our repair assistance tools to broaden category coverage, address more complex issues, and enhance analysis accuracy.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to upgrade our digital platform:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to strengthen our overall digital management system, which includes (i) upgrading and developing our internal digital management infrastructure for existing and new business categories, aiming to improve business processes and increase productivity; and (ii) upgrading our mobile apps and improving user experience. Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to recruit additional technology specialists, while approximately [**REDACTED**]% will be used to purchase software services, hardware infrastructure as well as consulting services. Over the next five years, in line with our business expansion, we plan to hire additional technology experts specialized in platform maintenance and optimization as well as frontend development, with an average annual salary of over RMB150,000.

  (ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our data and AI capabilities, including (i) optimizing our consumer and technician tagging systems to enhance order matching efficiency and achieve more precise operational management; (ii) improving transaction efficiency and optimizing pricing models through enhanced algorithms and big data analytics; and (iii) leveraging AI and large language models to upgrade our intelligent tools for consumer service, content creation and quality inspection. Approximately [**REDACTED**]% of the allocated [**REDACTED**] will be used to recruit additional technology specialists, while approximately [**REDACTED**]% will be used to purchase software services, hardware infrastructure as well as consulting services. Over the next five years, in line with our business expansion, we plan to hire additional technology experts specialized in algorithm development, optimization and iteration, as well as AI research and development, with an average annual salary of over RMB150,000.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to enhance our brand visibility and recognition:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to increase our brand visibility through nationwide advertising campaigns. Specifically, we will deploy offline advertisements through diverse mediums, with (a) approximately [**REDACTED**]% of the allocated [**REDACTED**] to be invested in billboard advertisements in approximately 40 cities across the nation, (b) approximately [**REDACTED**]% of the allocated [**REDACTED**] to be invested in advertisements on high-speed trains, and (c) approximately [**REDACTED**]% of the allocated [**REDACTED**] to be invested in promotions on nationally recognized media platforms and other channels.

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to enhance our brand recognition by:

(a) Refining our visual brand identity and corporate storytelling, which includes upgrading our brand logo to suit various application scenarios, and producing thematic promotional videos;

(b) Conducting market research and monitoring, including publishing an industry blue paper and creating documentaries for technicians to foster stronger connections with consumers;

(c) Promoting content through traditional media, social platforms and emerging media channels, which involves inviting media to write about our business, collaborating with influencers to experience and review our services, and incentivizing media posts related to our services; and

(d) Conducting offline events and CSR activities, such as providing free maintenance and repair services at pop-up stops in residential communities across the nation and offering free skills training for prospective technicians in remote communities.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used to pursue strategic partnerships, investments or acquisitions. We plan to establish more strategic partnerships with property management service providers, which are expected to cover more than 20 cities across the nation. We plan to recruit approximately 1,500 additional personnel with an average annual salary of over RMB60,000, including on-site personnel, business development teams and field marketing staff, to increase business expansion efforts and enhance regional service capabilities. We will also invest in offline promotion to amplify our visual presence in residential communities.

  Simultaneously, we are actively seeking potential investment and acquisition targets that are complementary to our business and are in line with our strategies. For instance, we will consider home maintenance and repair platforms with technical expertise that complements or enhances our offerings, or which will help expand our geographical reach. As of the Latest Practicable Date, we had not identified any potential investment or acquisition targets.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, is expected to be used for working capital and general corporate purposes.

If the net [**REDACTED**] from the [**REDACTED**] exceed the above funding requirements and, to the extent permitted by applicable laws and regulations, we will use the surplus funds for working capital. If we urgently need the funds for the above purposes, but cannot immediately obtain the net [**REDACTED**] from the [**REDACTED**], we will use self-raised funds to meet the relevant funding requirements and replace these self-raised funds with the net [**REDACTED**] from the [**REDACTED**] when the [**REDACTED**] become available to us. If the net [**REDACTED**] of the [**REDACTED**] are not immediately applied to the above purposes, we will only deposit those net [**REDACTED**] into short term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdiction).

If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will increase to approximately HK$[**REDACTED**] million. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will decrease to approximately HK$[**REDACTED**] million. The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this document.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**] million, assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] is exercised, we intend to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

If any part of our plan does not proceed as planned for reasons such as changes government policies that would render any of our plans not viable, or the occurrence of force majeure events, our directors will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

We will issue an appropriate announcement if there is any material change to the above proposed use of [**REDACTED**].

[REDACTED]

[**REDACTED**]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[**REDACTED**]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-[71], received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WOODPECKER INTERNATIONAL INC AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND ZHONGTAI INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Woodpecker International INC (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[71], which comprises the consolidated statements of financial position of the Group as at December 31, 2021, 2022 and 2023 and June 30, 2024, the statements of financial position of the Company as at December 31, 2023 and June 30, 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2023 and the six months ended June 30, 2024 (the "Track Record Period") and a summary of material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[71] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "Directors") are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at December 31, 2021, 2022 and 2023 and June 30, 2024, of the Company's financial position as at December 31, 2023 and June 30, 2024, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2023 and other explanatory information (the "Stub Period Comparative Financial Information"). The Directors are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1.2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend was declared or paid by the Company since its incorporation.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and were audited by us in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended December 31, 2021	2022	2023	For the six months ended June 30, 2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Revenue	*5*	401,360	594,561	1,010,993	429,315	622,801
Cost of services and sales		(78,301)	(110,314)	(159,828)	(71,396)	(123,106)
Gross profit		**323,059**	**484,247**	**851,165**	**357,919**	**499,695**
Other income	*6*	2,788	8,222	11,255	3,828	7,439
Other gains and losses	*7*	2,966	1,796	4,107	3,206	(2,252)
Impairment gains (losses) under expected credit loss model, net of reversal	*8*	33	(42)	(67)	(59)	1
Selling and marketing expenses		(177,626)	(290,855)	(494,128)	(188,981)	(299,056)
Administrative expenses		(101,177)	(127,206)	(172,724)	(72,333)	(101,534)
Research and development expenses		(23,943)	(32,610)	(44,090)	(20,893)	(23,656)
Changes in fair value of financial liabilities at fair value through profit or loss	*31*	9,802	(36,642)	(82,382)	(33,527)	(22,732)
[**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	*9*	(443)	(437)	(560)	(228)	(376)
Share of results of associates		–	–	204	106	(162)
Profit before tax		35,459	6,473	60,561	49,038	46,321
Income tax expense	*10*	(2,028)	(269)	(11,691)	(7,504)	(7,440)
Profit and total comprehensive income for the year/period	*11*	**33,431**	**6,204**	**48,870**	**41,534**	**38,881**
Profit and total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company		33,431	6,204	48,870	41,534	38,891
Non-controlling interests		–	–	–	–	(10)
		33,431	**6,204**	**48,870**	**41,534**	**38,881**
EARNINGS PER SHARE						
Basic (RMB)	*15*	0.13	0.02	0.19	0.17	0.15
Diluted (RMB)	*15*	0.07	0.02	0.19	0.17	0.14

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31,			As at June 30,
		2021	2022	2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Assets					
Property, plant and equipment	*16*	2,944	4,570	7,307	14,176
Right-of-use assets	*17*	10,334	10,840	262,434	261,078
Intangible assets		177	141	94	87
Interests in associates	*18*	–	49	4,853	4,691
Deferred tax assets	*19*	4,636	10,677	16,758	14,788
Financial assets at fair value through profit or loss	*23*	5,001	828	666	673
Prepayments, deposits and other receivables	*22*	3,447	4,820	4,470	7,412
		26,539	31,925	296,582	302,905
Current Assets					
Inventories	*20*	12,957	19,728	20,263	25,849
Trade receivables	*21*	651	1,649	1,419	692
Prepayments, deposits and other receivables	*22*	36,858	88,440	146,419	159,266
Income tax recoverable		7,202	3,332	3,973	6,013
Prepayments to related parties	*42*	8,132	2,357	2,204	1,218
Amounts due from related parties	*42*	2,778	1,876	3,585	2,397
Amounts due from shareholders	*42*	–	–	17	–
Financial assets at fair value through profit or loss	*23*	230,600	312,830	130,357	–
Pledged bank deposits	*24*	3	–	–	–
Cash and cash equivalents	*24*	143,682	97,509	243,573	615,557
		442,863	527,721	551,810	810,992
Current Liabilities					
Trade payables	*25*	7,193	16,868	20,626	23,901
Other payables	*26*	83,870	120,280	196,443	236,728
Lease liabilities	*27*	5,102	5,504	6,136	7,935
Bank borrowings	*28*	13	–	–	–
Amounts due to related parties	*42*	10	10	1	–
Income tax payable		101	562	949	1,079
Contract liabilities	*29*	88	1,735	1,738	3,141
Other borrowing	*30*	–	–	70,000	–
Financial liabilities at fair value through profit or loss	*31*	–	–	–	595,198
		96,377	144,959	295,893	867,982
Net Current Assets (Liabilities)		**346,486**	**382,762**	**255,917**	**(56,990)**
Total Assets less Current Liabilities		**373,025**	**414,687**	**552,499**	**245,915**

		As at December 31,			As at June 30,
	Notes	**2021**	**2022**	**2023**	**2024**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current Liabilities					
Deferred tax liabilities	*19*	128	132	151	255
Lease liabilities	*27*	4,880	4,659	10,066	9,634
Bank borrowings	*28*	977	10	–	–
Financial liabilities at fair value through profit or loss	*31*	226,785	263,427	345,809	–
		232,770	268,228	356,026	9,889
Net Assets		**140,255**	**146,459**	**196,473**	**236,026**
EQUITY					
Paid-in capital/share capital	*33*	31,430	31,430	31,447	45
Reserves		108,825	115,029	165,026	235,541
Equity attributable to owners of the Company		140,255	146,459	196,473	235,586
Non-controlling interests		–	–	–	440
Total Equity		**140,255**	**146,459**	**196,473**	**236,026**

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	**As at December 31, 2023**	**As at June 30, 2024**
		RMB'000	*RMB'000*
Non-current Asset			
Investment in a subsidiary	*40*	–	456,747
		–	**456,747**
Current Assets			
Prepayments and other receivables	*22*	2,058	3,855
Amounts due from shareholders	*42*	17	–
Cash and cash equivalents	*24*	–	5,526
		2,075	**9,381**
Current Liability			
Financial liabilities at fair value through profit or loss	*31*	–	595,198
		–	595,198
Net Current Assets (Liabilities)		**2,075**	**(585,817)**
Total Assets less Current Liabilities		**2,075**	**(129,070)**
Net Assets (Liabilities)		**2,075**	**(129,070)**
Capital and Reserves			
Share capital	*33*	17	45
Reserves	*41*	2,058	(129,115)
Total Equity (Deficit)		**2,075**	**(129,070)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Paid-in capital/ share capital	**Share premium**	**Other reserve**	**Statutory reserve**	**Share-based payments reserve**	**Retained profits**	**Subtotal**	**Non-controlling interests**	**Total**
	RMB'000 *(Note 33)*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2021	**31,430**	**–**	**4**	**3,297**	**–**	**72,093**	**106,824**	**–**	**106,824**
Profit and total comprehensive income for the year	–	–	–	–	–	33,431	33,431	–	33,431
Appropriation of statutory reserve	–	–	–	2,923	–	(2,923)	–	–	–
As at December 31, 2021	**31,430**	**–**	**4**	**6,220**	**–**	**102,601**	**140,255**	**–**	**140,255**
Profit and total comprehensive income for the year	–	–	–	–	–	6,204	6,204	–	6,204
Appropriation of statutory reserve	–	–	–	2,582	–	(2,582)	–	–	–
As at December 31, 2022	**31,430**	**–**	**4**	**8,802**	**–**	**106,223**	**146,459**	**–**	**146,459**
Profit and total comprehensive income for the year	–	–	–	–	–	48,870	48,870	–	48,870
Appropriation of statutory reserve	–	–	–	15,065	–	(15,065)	–	–	–
Issue of shares of the Company	17	–	–	–	–	–	17	–	17
Share-based payments *(Note 32)*	–	–	–	–	1,127	–	1,127	–	1,127
As at December 31, 2023	**31,447**	**–**	**4**	**23,867**	**1,127**	**140,028**	**196,473**	**–**	**196,473**
Profit (loss) and total comprehensive income (expense) for the period	–	–	–	–	–	38,891	38,891	(10)	38,881
Appropriation of statutory reserve	–	–	–	3,689	–	(3,689)	–	–	–
Effect of Group Reorganization (as defined in Note 1.2) *(Note i)*	(31,402)	14,141	17,261	–	–	–	–	–	–
Share-based payments *(Note 32)*	–	–	–	–	222	–	222	–	222
Capital injection by non-controlling shareholders	–	–	–	–	–	–	–	450	450
As at June 30, 2024	**45**	**14,141**	**17,265**	**27,556**	**1,349**	**175,230**	**235,586**	**440**	**236,026**

For the six months ended June 30, 2023

	Attributable to owners of the Company								
	Paid-in capital/ share capital	Share premium	Other reserve	Statutory reserve	Share-based payments reserve	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000 *(Note 33)*	*RMB'000*	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023 (audited)	**31,430**	**–**	**4**	**8,802**	**–**	**106,223**	**146,459**	**–**	**146,459**
Profit and total comprehensive income for the period	–	–	–	–	–	41,534	41,534	–	41,534
Appropriation of statutory reserve	–	–	–	3,265	–	(3,265)	–	–	–
As at June 30, 2023 (unaudited)	**31,430**	**–**	**4**	**12,067**	**–**	**144,492**	**187,993**	**–**	**187,993**

Notes:

i. In January 2024, as part of the Group Reorganization (as defined in Note 1.2), the Company issued 38,770,643 ordinary shares with a par value of USD0.0001 to certain shareholders of Chongqing Woodpecker Network Technology Co., Ltd.* (重慶啄木鳥網絡科技有限公司) ("Chongqing Woodpecker") for consideration of RMB14,169,000 determined by the original investment amount made to Chongqing Woodpecker by these shareholders, who had then been paid the same amount to exit their onshore investment in Chongqing Woodpecker by way of Capital Reduction (as defined in Note 1.2).

The share premium represented the difference between the consideration received of RMB14,169,000 and the share capital of the Company issued of RMB28,000, and the difference between the amount of RMB14,169,000 paid for Capital Reduction and the paid-in capital of Chongqing Woodpecker amounted of RMB31,430,000 was recognized as other reserve.

* *English name is for identification purpose only.*

ii. According to the People's Republic of China (the "PRC") Company Law and the Articles of Association of the PRC subsidiaries of the Group, these companies are required to transfer 10% of their respective after-tax profits, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital. The statutory reserve can be utilized, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of these companies, provided that such fund is maintained at a minimum of 25% of the registered capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Operating activities					
Profit before tax	35,459	6,473	60,561	49,038	46,321
Adjustments for:					
Finance costs	443	437	560	228	376
Interest income	(850)	(1,102)	(1,550)	(646)	(4,855)
Depreciation of property, plant and equipment	1,415	1,662	2,157	1,063	1,365
Depreciation of right-of-use assets	3,944	5,722	6,829	3,215	4,251
Amortization of intangible assets	17	36	32	18	7
Impairment (gains) losses under expected credit loss model, net of reversal	(33)	42	67	59	(1)
(Gain) loss on disposal of property, plant and equipment, net	(3)	7	88	15	(8)
Loss on disposal of intangible assets, net	–	–	18	–	–
Loss (gain) on termination of lease	19	12	(22)	(12)	(38)
Net gain arising on financial assets at fair value through profit or loss	(3,795)	(3,416)	(9,048)	(5,008)	(259)
Changes in fair value of financial liabilities at fair value through profit or loss	(9,802)	36,642	82,382	33,527	22,732
Share of results of associates	–	–	(204)	(106)	162
Share-based payment expense	–	–	1,127	–	222
Net foreign exchange loss (gain)	–	–	35	–	(429)
Operating cash flows before movements in working capital	26,814	46,515	143,032	81,391	69,846
Increase in inventories	(4,824)	(6,771)	(535)	(1,639)	(5,586)
Decrease (increase) in trade receivables	3,612	(1,040)	163	305	728
Increase in prepayments, deposits and other receivables	(15,776)	(52,741)	(55,581)	(23,355)	(14,118)
(Increase) decrease in prepayments to related parties	(2,632)	5,775	153	(907)	986
Decrease (increase) in amounts due from related parties	458	903	(157)	(1,767)	(413)
Increase (decrease) in trade payables	5,866	9,675	3,758	(111)	3,275
Increase in other payables	34,508	36,410	75,124	36,243	40,887
(Decrease) increase in contract liabilities	(324)	1,647	3	246	1,403
Increase (decrease) in amounts due to related parties	–	–	1	–	(1)
Cash generated from operations	47,702	40,373	165,961	90,406	97,007
Income taxes paid	(11,590)	(1,975)	(18,007)	(7,540)	(7,276)
Interest received from bank deposits	824	1,065	1,508	625	4,833
Net cash from operating activities	36,936	39,463	149,462	83,491	94,564

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Investing activities					
Purchase of financial assets at fair value through profit or loss	(673,000)	(840,001)	(880,000)	(550,000)	(100,000)
Proceeds on disposal of financial assets at fair value through profit or loss	466,534	765,360	1,071,683	516,033	230,609
Purchase of property, plant and equipment	(2,551)	(3,302)	(4,493)	(1,178)	(5,172)
Proceeds on disposal of property, plant and equipment	111	7	22	3	10
Prepayments for long term service	(1,000)	–	–	–	–
Purchase of intangible assets	(194)	–	(3)	–	–
Payments for rental deposits	(200)	(233)	(228)	(73)	(237)
Collection of rental deposits	–	22	140	12	169
Withdrawal of pledged bank deposits	679	3	–	–	–
Placement of pledged bank deposits	(3)	–	–	–	–
Payments for right-for-use assets	–	–	(245,145)	–	–
Investments in associates	–	(49)	(4,600)	–	–
Advances to related parties	(42)	(1)	(1,571)	–	–
Collection of advances from related parties	–	–	19	–	1,601
Net cash (used in) from investing activities	(209,666)	(78,194)	(64,176)	(35,203)	126,980
Financing activities					
New bank borrowings raised	990	–	–	–	–
Repayments of bank borrowings	–	(980)	(10)	–	–
Interests paid on bank borrowings	–	(4)	–	–	–
Repayments of lease liabilities	(4,771)	(6,458)	(8,210)	(4,595)	(4,914)
Capital Reduction of certain shareholders of Chongqing Woodpecker	–	–	–	–	(14,169)
Issue of ordinary shares of the Company	–	–	–	–	14,186
Capital Reduction of holders of paid-in capital with preferred rights of Chongqing Woodpecker	–	–	–	–	(221,666)
Proceeds from financial liabilities at fair value through profit or loss	205,000	–	–	–	448,323
New other borrowing raised	–	–	70,000	–	–
Repayment of other borrowing	–	–	–	–	(70,000)
Repayments of loans to related parties	–	–	(10)	–	–
Deferred issue costs paid	–	–	(957)	–	(2,198)
Capital injection by non-controlling shareholders	–	–	–	–	450
Net cash from (used in) financing activities	201,219	(7,442)	60,813	(4,595)	150,012
Net increase (decrease) in cash and cash equivalents	28,489	(46,173)	146,099	43,693	371,556
Cash and cash equivalents at beginning of the year/period	115,193	143,682	97,509	97,509	243,573
Effect of foreign exchange rate changes	–	–	(35)	–	428
Cash and cash equivalents at end of the year/period	143,682	97,509	243,573	141,202	615,557

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP

1. GENERAL INFORMATION, GROUP REORGANIZATION, BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

1.1 General Information

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 11, 2023 under the Companies Act, Cap. 22 (as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands, and the address of the principal place of business is Building 8, No. 2 Huizhu Road, Yubei District, Chongqing, the PRC.

On November 19, 2020, the acting in concert parties, namely Mr. Wang Guowei and Ms. Wang Yuhua (collectively referred to as the "Onshore AIC Parties"), entered into an acting in concert agreement (the "Onshore AIC Agreement"), pursuant to which, among others, the Onshore AIC Parties agreed to (i) act in concert for so long as they remain interested, directly or indirectly, in the shares of Chongqing Woodpecker, a subsidiary of the Company, consult each other and reach a consensus before voting at the board meetings and shareholders' meetings of Chongqing Woodpecker; and (ii) if the Onshore AIC Parties could not reach a consensus on a relevant issue, Ms. Wang Yuhua shall act at the direction of Mr. Wang Guowei.

Following completion of the Group Reorganization (as defined and detailed in Note 1.2), to reflect the arrangement under the Onshore AIC Agreement, Mr. Wang Guowei, Ms. Wang Yuhua and their respective controlled entities, namely, WANGW Holding Limited, SHUNSHI Limited, WGW Individual Holding Limited, WANGYH Holding Limited, SHUNSUI Limited and WYH Holding Limited (collectively referred to as the "Offshore AIC Parties"), entered into the amended and restated offshore acting in concert agreement on January 5, 2024 (the "Offshore AIC Agreement"), pursuant to which the Offshore AIC Parties agreed to (i) act in concert for so long as they remain interested, directly or indirectly, in the shares of the Company, consult each other and reach a consensus before voting at the board meetings and Shareholders' meetings of the Company; and (ii) if the Offshore AIC Parties could not reach a consensus on a relevant issue, other parties shall act at the direction of Mr. Wang Guowei.

In addition, prior to and after the completion of the Group Reorganization, Mr. Wang Guowei could exercise voting rights over Chongqing Woodpecker and the Company through the Chongqing incentive platforms and Tianjin incentive platforms pursuant to respective limited partnership agreements.

Therefore, the ultimate controlling party of Chongqing Woodpecker and the Company is Mr. Wang Guowei (the "Ultimate Controlling Shareholder").

The Company is an investment holding company and its subsidiaries are principally engaged in provision of platform services, sales of products and provision of maintenance services in the PRC.

The Historical Financial Information is presented in Renminbi ("RMB"), which is also the functional currency of the Company and its subsidiaries in the PRC.

No statutory audited financial statements were issued by the Company since the Company is incorporated in a jurisdiction where there is no statutory audit requirement.

1.2 Group reorganization and basis of preparation and presentation of the Historical Financial Information

Prior to the Group's reorganization as described below, the Group's operation and businesses were carried out by Chongqing Woodpecker and its subsidiaries (collectively the "Chongqing Woodpecker Group"), which were controlled by the Ultimate Controlling Shareholder.

For the purpose of the proposed [**REDACTED**] on the Stock Exchange, the Group underwent the group reorganization (the "Group Reorganization") which comprised the following steps:

i. On September 11, 2023, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. Upon incorporation, the authorized share capital of the Company was United States Dollars ("USD") 50,000 divided into 500,000,000 ordinary shares of USD0.0001 each. On the same day, the Company allotted and issued (i) 13,272,769 ordinary shares at par value to WANGW Holding Limited, which is wholly owned by Mr. Wang Guowei, (ii) 10,476,667 ordinary shares at par value to WANGYH Holding Limited, which is wholly owned by Ms. Wang, Yuhua and (iii) 339,922 ordinary shares at par value to ZHUHK Holding Limited, which is wholly owned by Mr. Zhu, Hongkun. (Mr. Wang Guowei, Ms. Wang, Yuhua and Mr. Zhu, Hongkun collectively referred to as the "Founders").

ii. On September 21, 2023, Woodpecker Maintenance Holding Limited was incorporated in the British Virgin Islands (the "BVI") as a direct wholly-owned subsidiary of the Company.

iii. On October 10, 2023, Woodpecker Household Maintenance (Hong Kong) Limited was incorporated as a limited liability company in Hong Kong as a direct wholly-owned subsidiary of Woodpecker Maintenance Holding Limited.

iv On November 10, 2023, Beijing Woodpecker Management Technology Co., Ltd.* (北京啄管家科技有限公司) (the "WFOE") was incorporated in the PRC as a direct wholly-owned subsidiary of Woodpecker Household Maintenance (Hong Kong) Limited.

v. On November 16, 2023, YIMING INVESTMENT HOLDINGS LTD. ("Yiming Investment") subscribed for 469,315.82 registered share capital of Chongqing Woodpecker at a consideration of RMB6,000,000.

vi. On January 4, 2024, certain then existing shareholders and holders of paid-in capital with preferred rights of Chongqing Woodpecker exited Chongqing Woodpecker by way of capital reduction in its registered capital with a total amount of RMB32,089,327.02 at the original investment amount of RMB235,835,222 (the "Capital Reduction"). Those amounts were fully settled on or before January 22, 2024.

Following the Capital Reduction, Chongqing Woodpecker was owned by Mr. Wang Guowei, Ms. Wang Yuhua, Mr. Zhu Hongkun and Yiming Investment, as to 53.03%, 41.86%, 1.36% and 3.75%, respectively.

vii. To reflect the onshore shareholding of Chongqing Woodpecker, on January 3, 2024, the Company allotted and issued a total of 62,781,766 shares, consisted of 38,770,643 ordinary shares, 6,984,444 series A preferred shares ("Series A Preferred Shares"), 7,569,391 series B preferred shares ("Series B Preferred Shares") and 9,457,288 series B+ preferred shares ("Series B+ Preferred Shares") to the shareholders and the holders of paid-in capital with preferred rights who exited Chongqing Woodpecker by way of Capital Reduction as detailed in step vi. The consideration paid by each of such relevant parties is equivalent to the amount they received in the Capital Reduction, and were paid in full on or before January 23, 2024.

viii. On January 4, 2024 and January 19, 2024, the Company further allotted and issued a total of 11,381,160 series C1 preferred shares ("Series C1 Preferred Shares") to eight independent investors (collectively as the "Series C1 Investors") at a total consideration of RMB196,657,500, which was fully settled on or before January 26, 2024.

ix. On January 11, 2024, the WFOE subscribed for the increased registered share capital of Chongqing Woodpecker of RMB11,575,363.18 at a consideration of RMB235,835,222, which is determined with reference to the Capital Reduction amounts as detailed in step vi. On January 15, 2024, Yiming Investment transferred its interests in Chongqing Woodpecker to the WFOE at a Nil consideration.

Upon completion of the above subscription and share transfer, Chongqing Woodpecker was held as to 50.00%, 27.55%, 21.75% and 0.70% by the WFOE, Mr. Wang Guowei, Ms. Wang Yuhua and Mr. Zhu Hongkun, respectively.

x. On January 5, 2024, the WFOE entered into a series of contractual arrangements (the "Contractual Arrangements") with, among others, Chongqing Woodpecker and the Founders, including exclusive business cooperation agreement, exclusive option agreement, shareholders' rights entrustment agreement and powers of attorney and share pledge agreement. The Contractual Arrangements enable the WFOE and the Company to:

- exercise management control over the activities that most significantly impact the economic performance of Chongqing Woodpecker;

- enjoy all the economic benefits derived from the businesses of Chongqing Woodpecker in consideration for the business support, technical and consulting services provided by the WFOE and bear the relevant portion of the business risks of Chongqing Woodpecker. If Chongqing Woodpecker runs into financial deficit or suffers severe operation difficulties, the WFOE will provide financial support to Chongqing Woodpecker;

* *English name is for identification purpose only.*

- obtain an irrevocable and exclusive right to purchase all of the equity interest in and/or assets of Chongqing Woodpecker for a nominal price, unless the relevant government authorities or the PRC laws request that another amount be used as the purchase price, in which case the purchase price shall be the lowest amount under such request. Subject to relevant PRC laws and regulations, the Founders and/or Chongqing Woodpecker shall return any amount of purchase price they have received to the WFOE or its designee. At the WFOE's request, the Founders will promptly and unconditionally transfer their respective equity interests in and/or the relevant assets of Chongqing Woodpecker to the WFOE (or its designee) after the WFOE exercises its purchase right. Unless otherwise terminated early by the WFOE through written notice, the exclusive option agreement will remain effective until when all the purchased equity interests are transferred to the WFOE and/or the designee and the WFOE and its subsidiaries have the right to legally conduct the business of Chongqing Woodpecker according to the PRC law;

  In addition, Chongqing Woodpecker Group are not allowed to sell, transfer, or dispose any assets, or make any distributions to their equity holders without prior consent of the WFOE; and

- obtain a pledge over the equity interests in Chongqing Woodpecker from the Founders as collateral security for any or all of their payments due to the WFOE and to secure performance of their obligations under the Contractual Arrangements.

Through the 50% shareholdings directly held by WFOE and the Contractual Arrangements, the Company has power over Chongqing Woodpecker, has rights to variable returns from its involvement with Chongqing Woodpecker and has the ability to affect those returns through its power over Chongqing Woodpecker and is considered to have control over Chongqing Woodpecker. Therefore, the Company regards Chongqing Woodpecker and its subsidiaries as controlled entities and consolidated the assets, liabilities, and results of the Chongqing Woodpecker and its subsidiaries in the consolidated financial statements of the Group.

Pursuant to the Group Reorganization as detailed above, in January 2024 the Company became the holding company of the companies now comprising the Group by interspersing the Company, Woodpecker Maintenance Holding Limited, Woodpecker Household Maintenance (Hong Kong) Limited and the WFOE between Chongqing Woodpecker and its then shareholders. The Group comprising the Company and its subsidiaries resulting from the Group Reorganization is regarded as a continuing entity, and accordingly, the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the three years ended December 31, 2023 and the six months ended June 30, 2024 included the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period.

The consolidated statements of financial position of the Group as at December 31, 2021, 2022 and 2023 have been prepared to present the assets and liabilities of the companies now comprising the Group at the carrying amounts shown in the financial statements of the group entities, as if the current group structure upon the completion of the Group Reorganization had been in existence at those dates taking into account their respective dates of incorporation, where applicable.

As at June 30, 2024, the Group was in net current liabilities position of RMB56,990,000 mainly due to the balance of financial liabilities at fair value through profit or loss with the amount of RMB595,198,000, which represented the preferred shares issued by the Company. The preferred shares issued by the Company will not be redeemed within the next twelve months from June 30, 2024 as disclosed in Note 31 that the redemption date is January 21, 2026. After taking into account of the Group's cashflow projection and expected working capital requirements, the management of the Group is satisfied that the Group is able to meet in full its financial obligations as they fall due for a period of twelve months from the end of Track Record Period and it is appropriate to prepare the Historical Financial Information on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRSs, which are effective for the accounting period beginning on or after January 1, 2024, throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after January 1, 2025

3 Effective for annual periods beginning on or after January 1, 2026

4 Effective for annual periods beginning on or after January 1, 2027

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions that the primary users of financial statements make on the basis of those financial statements when considered together with other information included in the financial statements. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including rights arising from other contractual arrangements.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investment in a subsidiary

Investment in a subsidiary is stated in the statements of financial position of the Company at cost less identified impairment loss, if any.

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Note 5.

Leases

The Group as lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of certain warehouses, offices and quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognized as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date, less any lease incentives received.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognized at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognized as an expense unless another IFRSs requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When shares granted are vested, the amount previously recognized in share-based payment reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Other than the construction in progress as described below, property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for administrative purposes are carried at cost, less any recognized impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including depreciation of leasehold land during the construction period. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Inventories

Inventories, representing spare parts and materials and home appliances, are stated at the lower of cost and net realizable value. Cost of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers*. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, deposits and other receivables, amounts due from related parties, amounts due from shareholders, pledged bank deposits and cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant financial instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognizes lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group measures ECL on an individual basis for certain amounts due from related parties, or on a collective basis for portfolios of financial instruments that share similar economic risk characteristics. Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information. For collective assessment, the Group takes into consideration past-due status when formulating the grouping.

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortized cost of the financial asset.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and amounts due from related parties where the corresponding adjustment is recognized through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Financial liabilities at amortized cost

Financial liabilities including trade payables, other payables, bank borrowings, other borrowing and amounts due to related parties are subsequently measured at amortized cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Principal versus agent consideration

Determining whether the Group is acting as a principal or as an agent in the provision of certain services to its customers requires judgement and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group (i) controls the goods/services provided to the customer, (ii) is primarily responsible for fulfilling the contract, and (iii) has discretion in establishing prices.

The Group concluded that the Group acts an agent in platform services as the Group facilitates matching individuals providing maintenance service (the "Technicians") with the maintenance service orders from the consumers through the woodpecker (啄木鳥) platform of the Company (the "Woodpecker Platform"). The Group has charged service income to the Technicians for their use of the Woodpecker Platform. But the Group has no performance obligation to these consumers and their access and use of the Woodpecker Platform is free of charge. Accordingly, the Group regards the Technicians as customers, instead of the consumers, in relation to the platform services.

The Group concluded that the Group acts a principal in sales of products as it controls the specified products before they are transferred to the customer after taking into consideration indicators such as the Group is primarily responsible for fulfilling the promise to provide the products and the Group has inventory risk. When the Group satisfies the performance obligation, the Group recognizes revenue from sales of products in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

Meanwhile, the Group concluded that the Group acts a principal in maintenance services as the Group is primarily responsible for fulfilling the promise to provide the maintenance services. In addition, the Group has discretion in pricing the services and ability to direct the Technicians to provide the maintenance services to the customers on its behalf. When the Group satisfies the performance obligation, the Group recognizes revenue from provision of maintenance services in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

Consolidation of Chongqing Woodpecker through contractual arrangements

As disclosed in Note 1.2(x), the Company exercises control over Chongqing Woodpecker and has the right to recognize and receive substantially all the economic benefits from it through the Contractual Arrangements. Management considers that the Company controls Chongqing Woodpecker as the Group has power over the financial and operating policies of Chongqing Woodpecker and receives substantially all the economic returns generated from the business activities of Chongqing Woodpecker through the Contractual Arrangements. Accordingly, Chongqing Woodpecker is accounted for as controlled entity and its financial statements have also been consolidated by the Company throughout the Track Record Period.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value measurement of financial liabilities at FVTPL

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the Group's financial liabilities at FVTPL amounting to RMB226,785,000, RMB263,427,000, RMB345,809,000 and RMB595,198,000, respectively, are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of the financial liabilities. Details of the financial liabilities at FVTPL are disclosed in Note 31.

Deferred tax assets

As at December 31, 2021, 2022 and 2023 and June 30, 2024, deferred tax assets of RMB4,636,000, RMB10,677,000, RMB16,758,000 and RMB14,788,000 have been recognized in the consolidated statements of financial position respectively. The realizability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal or further recognition takes place.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

During the Track Record Period, the Group's revenue which represents the amount received and receivable, net of discounts and sales related taxes, from provision of platform services, sales of products and provision of maintenance services, are as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Types of services or goods:					
Provision of platform services	358,120	530,231	912,026	383,990	543,294
Sales of products	37,831	59,064	94,918	44,166	72,521
Provision of maintenance services	5,409	5,266	4,049	1,159	6,986
	401,360	594,561	1,010,993	429,315	622,801
Timing of revenue recognition:					
At a point in time	401,360	594,561	1,010,993	429,315	622,801

Information reported to Mr. Wang Guowei, the chief executive officer of the Company, who is identified as the chief operating decision maker of the Company, in order to allocate resources and to assess performance, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is reviewed. Accordingly, no operating segment information is presented.

No revenue from individual customer contributing for 10% or more of total revenue of the Group during the Track Record Period.

No geographic information is presented as the revenue, non-current assets and operations of the Group are all derived from its activities in the PRC.

(ii) Performance obligations for contracts with customers and revenue recognition policies

Provision of platform services

The Group provides platform services that facilitate matching Technicians with the maintenance service orders obtained from the Woodpecker Platform or through other aggregation platforms. The Group has determined that it acts as an agent in the platform services. Upon the completion of a maintenance order, the Group recognized the service income charged to the Technicians, who is regarded as the customer of platform services, netting off the costs taken by the Group on behalf of the Technicians that effectively formed the consideration payable to customers, if any.

Sales of products

The Group sells certain home appliances to consumers through the Woodpecker Platform. The relevant home appliances are then shipped and installed by the Technicians. In addition, the Group also sells spare parts and materials to the Technicians directly.

For sales of home appliances to consumers, revenue is recognized when control of the goods has been transferred to the consumers, being at the point the goods are delivered and installed by the Technicians. Payment of the transaction price is due immediately at the point the home appliances are installed by the Technicians.

For sales of spare parts and materials to the Technicians, revenue is recognized when control of the goods has been transferred to the Technicians, being at the point the Technicians purchases the goods at the warehouses of the Group. Payment of the transaction price is due immediately at the point the Technicians purchases the goods.

Under the Group's standard contract terms for the sales of spare parts and materials, the Technicians have a right to exchange or return products. The Group uses its accumulated historical experience to estimate the number of exchange or return on a portfolio level using the expected value method. Revenue is recognized for sales which are considered highly probable that a significant reversal in the cumulative revenue recognized will not occur.

Provision of maintenance services

The Group also provides maintenance services to corporate customers acting as a principal. The maintenance service orders are placed by those corporate customers separately and are settled on order basis. For the maintenance services to corporate customers, revenue is recognized when the service has been rendered by the Group or by the Technicians on behalf of the Group. The Group generally grants credit period between 30 and 120 days which are agreed with each of its corporate customers.

Advances received from the corporate customers for which the maintenance services have not been rendered are recognized as contract liabilities until the relevant services are provided to the customers.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All of the Group's contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. OTHER INCOME

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interest income on:					
– bank deposits	824	1,065	1,508	625	4,833
– rental deposits	26	37	42	21	22
	850	1,102	1,550	646	4,855

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Additional tax deduction *(Note i)*	742	1,977	1,887	885	–
Government grants *(Note ii)*	478	4,010	3,098	303	361
Membership income *(Note iii)*	–	826	2,322	1,058	1,078
Rental income from the Technicians for quarters	–	–	1,153	633	402
Others	718	307	1,245	303	743
	2,788	8,222	11,255	3,828	7,439

Notes:

i. The amounts represent the additional input value added tax deduction for residents living services related industry, pursuant to the announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs of the PRC, which become effective from April 1, 2019 onwards and was terminated as at December 31, 2023.

ii. The government grants were mainly incentives provided by local government authorities in the PRC to reward the Group's support and contribution for the development of local economies. There were no unfulfilled conditions or contingencies relating to these government grants at the end of each reporting period during the Track Record Period.

iii. During the years ended December 31, 2022 and 2023 and the six months ended June 30, 2024, the Group operates a Z+ membership program through which the consumers are granted the rights for certain coupons every month within the one-year validity period of the membership. Income relating to the membership program is recognized overtime. A contract liability is recognized at the time when the membership fee has been received by the Group and is released on a straight-line basis over the validity period of the membership accordingly.

7. OTHER GAINS AND LOSSES

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Net gain arising on financial assets at FVTPL	3,795	3,416	9,048	5,008	259
Comfort funds paid to consumers and the Technicians *(Note)*	(574)	(1,738)	(4,041)	(1,644)	(1,514)
Net foreign exchange (loss) gain	–	–	(213)	–	226
Donation	(100)	(125)	(181)	–	(1,150)
Others	(155)	243	(506)	(158)	(73)
	2,966	1,796	4,107	3,206	(2,252)

Note: Comfort funds paid to consumers and the Technicians represented the amounts voluntarily paid to consumers and the Technicians for their damages occurred during the provision of maintenance and repair services.

8. IMPAIRMENT GAINS (LOSSES) UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Impairment gains (losses) recognized (net of reversal) on:					
– Trade receivables	33	(42)	(67)	(59)	1

Details of impairment assessment are set out in Note 37.

9. FINANCE COSTS

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Interests on lease liabilities	443	433	560	228	376
Interests on bank borrowings	–	4	–	–	–
	443	437	560	228	376

10. INCOME TAX EXPENSE

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Current tax	1,086	6,306	17,753	8,103	5,366
Deferred tax *(Note 19)*	942	(6,037)	(6,062)	(599)	2,074
	2,028	269	11,691	7,504	7,440

The Company was incorporated in the Cayman Islands and is tax exempted under the tax laws of the Cayman Islands.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the PRC on enterprise income tax (the "EIT Law") and implementation regulation of the EIT Law, the statutory tax rate of the PRC subsidiaries is 25% during the Track Record Period.

Under the EIT Law effective on January 1, 2008, the "High and New Technology Enterprise" (the "HNTE") status of qualifying entities is valid for three years and qualifying entities can re-apply for another three years provided their business operations continue to qualify for the new HNTE status. Chongqing Woodpecker was qualified as a HNTE in 2017 and renewed its HNTE in 2020 and 2023, and entitled to a preferential tax rate of 15% from the years ended December 31, 2017 to 2026.

In addition, under the EIT Law effective on January 1, 2008, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the relevant year ("Super Deduction"). The State Taxation Administration of the PRC announced in September 2018 that enterprises engaging in research and development activities would be entitled to claim 175% of their research and development expenses as Super Deduction, and then increased to 200% deduction since October 1, 2022 pursuant to the announcements of the State Taxation Administration of the PRC in September 2022 and March 2023. Besides, the new equipment and appliances purchased by the HNTE during the period from October 1, 2022 to December 31, 2022 are entitled to be deducted 200% in the calculation of taxable income.

Chongqing Benniao Supply Chain Management Co., Ltd.* (重慶笨鳥供應鏈管理有限公司) ("Chongqing Benniao") is engaged in the "Encouraged Industries in the Western Region" and is eligible for the preferential EIT rate at 15% for the six months ended June 30, 2024.

* *English name is for identification purpose only.*

Except for Chongqing Woodpecker and Chongqing Benniao, majority of subsidiaries of the Company in the PRC are small and micro-sized enterprises. During the year ended December 31, 2021, annual taxable profit not exceeding RMB1 million is reduced to 25% of the taxable income and calculated at tax rate of 20% and then slashed by half, and annual taxable profit exceeding RMB1 million but not exceeding RMB3 million is reduced to 50% of the taxable income and calculated at tax rate of 20%. During the year ended December 31, 2022, annual taxable profit not exceeding RMB1 million is reduced to 25% of the taxable income and calculated at tax rate of 20% and then slashed by half, and annual taxable profit exceeding RMB1 million but not exceeding RMB3 million is reduced to 25% of the taxable income and calculated at tax rate of 20%. During the year ended December 31, 2023 and six months ended June 30, 2024, annual taxable profit not exceeding RMB3 million is reduced to 25% of the taxable income and calculated at tax rate of 20%.

The income tax expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Profit before tax	35,459	6,473	60,561	49,038	46,321
Tax at the statutory rate of 25%	8,865	1,618	15,140	12,260	11,580
Tax effect of expenses not deductible for tax purposes *(Note)*	3,154	15,496	27,304	11,279	8,874
Income tax at concessionary rate	(6,497)	(10,481)	(21,428)	(11,119)	(9,523)
Tax effect of Super Deduction	(3,874)	(6,382)	(9,302)	(4,580)	(4,775)
Tax effect of tax losses not recognized	469	363	1,382	240	1,340
Utilization of tax losses previously not recognized	–	(4)	(1,296)	(522)	–
Tax effect of share of results of associates	–	–	(51)	(26)	41
Others	(89)	(341)	(58)	(28)	(97)
Income tax expense for the year/period	2,028	269	11,691	7,504	7,440

Note: Amounts mainly represented the fair value change of financial liabilities at FVTPL and other miscellaneous expenses that are not eligible for tax deductible purpose during the Track Record Period.

11. PROFIT FOR THE YEAR/PERIOD

The Group's profit for the year/period during the Track Record Period has been arrived at after charging:

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Staff costs (including directors' emoluments as set out in Note 12):					
Salaries, performance-based bonuses and allowances	120,320	166,367	222,190	99,532	133,276
Retirement benefit scheme contributions	7,622	12,262	14,652	6,722	8,610
Employee welfare	1,320	2,383	2,731	1,497	1,865
Share-based payment expense	–	–	1,127	–	222
Total staff costs	129,262	181,012	240,700	107,751	143,973
Depreciation and amortization:					
Depreciation of property, plant and equipment	1,415	1,662	2,157	1,063	1,365
Depreciation of right-of-use assets	3,944	5,722	7,340	3,215	7,315
Amortization of intangible assets	17	36	32	18	7
Total depreciation and amortization	5,376	7,420	9,529	4,296	8,687
Less: capitalized in construction in progress	–	–	(511)	–	(3,064)
	5,376	7,420	9,018	4,296	5,623
Traffic acquisition cost (included in selling and marketing expenses)	118,540	155,449	298,777	116,880	208,151
Advertising fee (included in selling and marketing expenses)	41,307	113,996	160,841	56,180	62,821
Cost of inventories sold (including write-down (reversal of write-down) of inventories amounting to RMB314,000, RMB36,000, RMB4,000, (RMB165,000) and RMB18,000 during the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively)	28,168	41,681	73,686	32,130	53,937
Auditor's remuneration	142	142	142	142	–

12. EMOLUMENTS OF DIRECTORS AND CHIEF EXECUTIVE

The emoluments paid or payable to the directors and chief executive of the Company (including emoluments for services as employees/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	For the year ended December 31, 2021				
	Directors' fee	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*
Executive directors *(Note i)*:					
Mr. Wang, Guowei *(Note iii)*	–	472	488	6	966
Mr. Zhu, Hongkun *(Note iv)*	–	231	714	6	951
Ms. Zhang, Wenjuan *(Note v)*	–	353	–	5	358
Total	**–**	**1,056**	**1,202**	**17**	**2,275**

	For the year ended December 31, 2022				
	Directors' fee	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*
Executive directors *(Note i)*:					
Mr. Wang, Guowei *(Note iii)*	–	470	595	8	1,073
Mr. Zhu, Hongkun *(Note iv)*	–	359	893	8	1,260
Ms. Zhang, Wenjuan *(Note v)*	–	413	300	8	721
Total	**–**	**1,242**	**1,788**	**24**	**3,054**

	For the year ended December 31, 2023				
	Directors' fee	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*
Executive directors *(Note i)*:					
Mr. Wang, Guowei *(Note iii)*	–	483	1,578	8	2,069
Mr. Zhu, Hongkun *(Note iv)*	–	421	2,367	8	2,796
Ms. Zhang, Wenjuan *(Note v)*	–	462	1,052	8	1,522
Total	**–**	**1,366**	**4,997**	**24**	**6,387**

	For the six months ended June 30, 2023 (unaudited)				
	Directors' fee	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*
Executive directors *(Note i)*:					
Mr. Wang, Guowei *(Note iii)*	–	242	864	4	1,110
Mr. Zhu, Hongkun *(Note iv)*	–	212	1,296	4	1,512
Ms. Zhang, Wenjuan *(Note v)*	–	234	576	4	814
Total	**–**	**688**	**2,736**	**12**	**3,436**

	For the six months ended June 30, 2024				
	Directors' fee	Salaries and allowances	Performance-based bonuses	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000* *(Note ii)*	*RMB'000*	*RMB'000*
Executive directors *(Note i)*:					
Mr. Wang, Guowei *(Note iii)*	–	242	582	4	828
Mr. Zhu, Hongkun *(Note iv)*	–	211	873	4	1,088
Ms. Zhang, Wenjuan *(Note v)*	–	223	388	4	615
Total	**–**	**676**	**1,843**	**12**	**2,531**

Notes:

i. The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

ii. Performance-based bonuses were determined based on the individual's performance.

iii. Mr. Wang, Guowei was appointed as a director of the Company on September 11, 2023. Mr. Wang, Guowei is the chief executive of the Company and his emolument disclosed above included those for services rendered by him as the chief executive of the group entities.

iv. Mr. Zhu, Hongkun was appointed as a director of the Company on January 11, 2024.

v. Ms. Zhang, Wenjuan was appointed as a director of the Company on January 28, 2024.

vi. Mr. Xiao Qingping was appointed as a non-executive director of the Company on January 11, 2024. Mr. Liu, Jining was appointed as an independent non-executive director of the Company on January 3, 2024. Mr. Wang, Lin and Mr. Li Bo were appointed as independent non-executive directors of the Company on January 28, 2024 with effect from the [**REDACTED**]. No emoluments were paid to any of the non-executive director or independent non-executive directors during the Track Record Period.

vii. There was no arrangement under which a director of the Company or the chief executive of the Company waived or agreed to waive any remuneration during the Track Record Period.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Track Record Period included two, two, two, two (unaudited) and two directors for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2023 and 2024, respectively, details of whose remuneration are set out in Note 12 above. Details of the remuneration for the remaining three, three, three, three (unaudited) and three individuals who are neither a director nor chief executive of the Company for the Track Record Period were as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and allowances	1,350	1,643	1,685	843	782
Performance-based bonuses *(Note)*	1,577	1,713	4,471	2,448	1,841
Share-based payment expense	–	–	568	–	144
Retirement benefit scheme contributions	18	23	34	17	18
	2,945	3,379	6,758	3,308	2,785

Note: Performance-based bonuses were determined based on the individual's performance.

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	No. of employees	*No. of employees*	*No. of employees*	*No. of employees (unaudited)*	*No. of employees*
Hong Kong Dollar ("HKD") 500,001 to HKD1,000,000	1	–	–	2	2
HKD1,000,001 to HKD1,500,000	2	3	–	–	1
HKD1,500,001 to HKD2,000,000	–	–	–	1	–
HKD2,000,001 to HKD2,500,000	–	–	2	–	–
HKD3,000,001 to HKD3,500,000	–	–	1	–	–
Total	3	3	3	3	3

During the Track Record Period, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

No dividend was declared or paid by the group entities comprising the Group in respect of the Track Record Period. The Company did not declare or pay any dividends since its incorporation.

15. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Earnings:					
Profit for the year/period attributable to the owners of the Company for the purpose of calculating basic earnings per share	33,431	6,204	48,870	41,534	38,891
Effect of dilutive potential ordinary shares:					
Deduct fair value changes of paid-in capital with preferred rights issued to Series B Investors	(13,641)	–	–	–	–
Deduct fair value changes of Series B+ Preferred Shares, Series C1 Preferred Shares and holders of Series C2 preferred shares	–	–	–	–	9,025
Profit for the purpose of calculating diluted earnings per share	19,790	6,204	48,870	41,534	47,916

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	'000	*'000*	*'000*	*'000* *(unaudited)*	*'000*
Number of shares:					
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	251,440	251,440	251,440	251,440	251,440
Effect of dilutive potential ordinary shares:					
Conversion of paid-in capital with preferred rights issued to Series B Investors	28,536	–	–	–	–
Conversion of Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 preferred shares	–	–	–	–	86,286
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	279,976	251,440	251,440	251,440	337,726

Note:

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share during the Track Record Period has been determined on the assumptions that the Group Reorganization as defined in Note 1.2 and the [**REDACTED**] as set out in Note 44 and "HISTORY, REORGANIZATION AND CORPORATE STRUCTURE" section of the document had been completed on/effective since January 1, 2021.

The computation of diluted earnings per share for the year ended December 31, 2021 has not taken into consideration the conversion of the paid-in capital with preferred rights issued to Series A Investors and Series B+ Investors as the conversion of the paid-in capital with preferred rights issued to Series B Investors alone was the most dilutive scenario.

The computation of diluted earnings per share for the years ended December 31, 2022 and 2023 and for the six months ended June 30, 2023 has not taken into consideration the conversion of the paid-in capital with preferred rights issued to Series A Investors, Series B Investors and Series B+ Investors as the effect was anti-dilutive.

The computation of diluted earnings per share for the six months ended June 30, 2024 has not taken into consideration the conversion of the Series A Preferred Shares and Series B Preferred Shares as the effect of conversion of Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 preferred shares in aggregation was the most dilutive scenario.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Transportation equipment	Furniture and fixture	Electronic equipment	Machinery and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At January 1, 2021	705	30	37	3,776	50	–	4,598
Additions	404	15	348	1,784	–	–	2,551
Disposals	–	(8)	–	(1,413)	(2)	–	(1,423)
At December 31, 2021	1,109	37	385	4,147	48	–	5,726
Additions	456	1,342	231	1,273	–	–	3,302
Disposals	–	(37)	(12)	(170)	(15)	–	(234)
At December 31, 2022	1,565	1,342	604	5,250	33	–	8,794
Additions	192	718	86	1,791	64	2,153	5,004
Disposals	–	–	–	(688)	(17)	–	(705)
At December 31, 2023	1,757	2,060	690	6,353	80	2,153	13,093
Additions	112	266	2	3,370	48	4,438	8,236
Disposals	–	(7)	–	(134)	–	–	(141)
At June 30, 2024	1,869	2,319	692	9,589	128	6,591	21,188
DEPRECIATION							
At January 1, 2021	(224)	(30)	(15)	(2,365)	(48)	–	(2,682)
Charge for the year	(275)	(1)	(30)	(1,107)	(2)	–	(1,415)
Eliminated on disposals	–	8	–	1,305	2	–	1,315
At December 31, 2021	(499)	(23)	(45)	(2,167)	(48)	–	(2,782)
Charge for the year	(303)	(86)	(103)	(1,170)	–	–	(1,662)
Eliminated on disposals	–	24	12	169	15	–	220
At December 31, 2022	(802)	(85)	(136)	(3,168)	(33)	–	(4,224)
Charge for the year	(360)	(301)	(111)	(1,382)	(3)	–	(2,157)
Eliminated on disposals	–	–	–	578	17	–	595
At December 31, 2023	(1,162)	(386)	(247)	(3,972)	(19)	–	(5,786)
Charge for the period	(164)	(205)	(59)	(933)	(4)	–	(1,365)
Eliminated on disposals	–	6	–	133	–	–	139
At June 30, 2024	(1,326)	(585)	(306)	(4,772)	(23)	–	(7,012)
CARRYING AMOUNT							
At December 31, 2021	610	14	340	1,980	–	–	2,944
At December 31, 2022	763	1,257	468	2,082	–	–	4,570
At December 31, 2023	595	1,674	443	2,381	61	2,153	7,307
At June 30, 2024	543	1,734	386	4,817	105	6,591	14,176

Note: The above items of property, plant and equipment, after taking into account the residual value, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	20% or lease term, whichever is shorter
Transportation equipment	19%
Furniture and fixture	20%
Electronic equipment	20% – 33%
Machinery and other equipment	10% – 33%

17. RIGHT-OF-USE ASSETS

	Leased properties	Leasehold lands	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying value			
At January 1, 2021	7,245	–	7,245
Additions	7,845	–	7,845
Termination of leases	(812)	–	(812)
Depreciation charge	(3,944)	–	(3,944)
At December 31, 2021	10,334	–	10,334
Additions	7,055	–	7,055
Termination of leases	(827)	–	(827)
Depreciation charge	(5,722)	–	(5,722)
At December 31, 2022	10,840	–	10,840
Additions	15,106	245,145	260,251
Termination of leases	(1,317)	–	(1,317)
Depreciation charge	(6,829)	(511)	(7,340)
At December 31, 2023	17,800	244,634	262,434
Additions	6,857	–	6,857
Termination of leases	(898)	–	(898)
Depreciation charge	(4,251)	(3,064)	(7,315)
At June 30, 2024	19,508	241,570	261,078

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Expense relating to short-term leases	2,939	3,331	3,650	1,757	1,810
Total cash outflow for leases *(Note)*	7,708	10,215	258,194	6,738	6,964

Note: The amount includes payments of principal and interest portion of lease liabilities, short-term leases and payments for right-for-use assets, which were presented in financing, operating and investing cash flows, respectively.

During the Track Record Period, the Group leases various lands and buildings for its operations. Lease contracts are entered into for fixed terms of 12 months to 40 years, but may have termination options for buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group regularly entered into short-term leases for warehouses, offices and quarters. As at December 31, 2021, 2022 and 2023 and June 30, 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed above.

The Group has termination options in a number of leases. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of termination options held are exercisable only by the Group and not by the respective lessors.

The Group assessed at lease commencement date and concluded it is reasonably certain not to exercise the termination options. In addition, the Group reassesses whether it is reasonably certain not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the Track Record Period, the Group terminated some leases by exercising the termination options or negotiation with the lessors to facilitate the Group's operations.

Lease liabilities of RMB9,982,000, RMB10,163,000, RMB16,202,000 and RMB17,569,000 were recognized with related right-of-use assets of RMB10,334,000, RMB10,840,000, RMB17,800,000 and RMB19,508,000 as at December 31, 2021, 2022 and 2023 and June 30, 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties may not be used as security for borrowing purposes.

In October 2023, the Group purchased the land use right of a land parcel in Chongqing with the initial cost of RMB245,145,000 to construct a science and technology park.

18. INTERESTS IN ASSOCIATES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost of investments in associates	–	49	4,649	4,649
Share of post-acquisition profits and other comprehensive income, net of dividends received	–	–	204	42
	–	49	4,853	4,691

Details of each of the Group's associates as at December 31, 2021, 2022 and 2023 and June 30, 2024 are as follows:

Name of entities	Country of incorporation/ registration	Proportion of ownership interest and voting rights held by the Group as at				Principal activities
		December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	
		%	%	%	%	
Chongqing Lexiangxiu Information Technology Co., Ltd.* (重慶樂享修資訊科技有限公司) ("Chongqing Lexiangxiu")	China	N/A	49	49	49	Home appliance repair service
Hainan Zhihuiniao Technology Co., Ltd.* (海南智慧鳥科技有限公司) ("Hainan Zhihuiniao")	China	N/A	N/A	46	46	Electricity and thermodynamic production

* *English name is for identification purpose only.*

Note: The Group has 49% and 46% ownership interest and voting rights in Chongqing Lexiangxiu and Hainan Zhihuiniao, respectively. By considering that the Group does not have sufficiently dominant voting rights to direct the relevant activities of Chongqing Lexiangxiu and Hainan Zhihuiniao unilaterally, and no unanimous consent of the Group and other parties is required for the decisions about the relevant activities of Chongqing Lexiangxiu and Hainan Zhihuiniao, the Directors conclude that the Group only has significant influence over Chongqing Lexiangxiu and Hainan Zhihuiniao and therefore they are classified as associates of the Group.

The Group made an investment of RMB4,600,000 in Hainan Zhihuiniao, an entity newly established in November 2023. Considering the financial impact was immaterial to the Group, no financial information of associates was disclosed.

19. DEFERRED TAX ASSETS/LIABILITIES

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for the financial reporting purpose:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	6,396	12,915	19,703	18,015
Deferred tax liabilities	(1,888)	(2,370)	(3,096)	(3,482)
	4,508	10,545	16,607	14,533

The followings are the major deferred tax assets and liabilities recognized and movements thereon during the Track Record Period:

	Right-of-use assets	Lease liabilities	Deductible advertising expenses	Tax losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2021	(1,233)	1,230	4,439	1,024	(10)	5,450
(Charge) credit to profit or loss *(Note 10)*	(565)	478	(1,085)	224	6	(942)
At December 31, 2021	(1,798)	1,708	3,354	1,248	(4)	4,508
(Charge) credit to profit or loss *(Note 10)*	(147)	104	6,547	(1,130)	663	6,037
At December 31, 2022	(1,945)	1,812	9,901	118	659	10,545
(Charge) credit to profit or loss *(Note 10)*	(1,097)	1,030	5,679	(110)	560	6,062
At December 31, 2023	(3,042)	2,842	15,580	8	1,219	16,607
(Charge) credit to profit or loss *(Note 10)*	(440)	301	(1,746)	49	(238)	(2,074)
At June 30, 2024	(3,482)	3,143	13,834	57	981	14,533

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	7,530	8,969	9,288	14,648

The unrecognized tax losses will expire in the following years:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2023	27	27	–	–
2024	1,103	1,088	75	75
2025	4,524	4,524	1,940	1,940
2026	1,876	1,876	1,447	1,447
2027	–	1,454	297	297
2028	–	–	5,529	5,529
2029	–	–	–	5,360
	7,530	8,969	9,288	14,648

No deferred tax asset has been recognized in relation to the above tax losses due to the unpredictability of future profit streams of those loss-making subsidiaries and it is not probable that taxable profit will be available against which the tax losses can be utilized.

20. INVENTORIES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Spare parts and materials	11,178	17,576	18,188	23,696
Home appliances	1,779	2,152	2,075	2,153
	12,957	19,728	20,263	25,849

21. TRADE RECEIVABLES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	681	1,721	1,488	729
Less: allowance for credit losses	(30)	(72)	(69)	(37)
	651	1,649	1,419	692

Note: As at January 1, 2021, trade receivables amounted to RMB4,230,000.

The Group applies the simplified approach under IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables with similar credit risk characteristics and forward-looking estimates. At the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Majority of trade receivables as at December 31, 2021, 2022 and 2023 and June 30, 2024 were generated from provision of maintenance services to corporate customers. The Group generally grants credit period between 30 and 120 days which are agreed with each of its corporate customers. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group. The following is an aging analysis of trade receivables presented based on the billing date.

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	526	1,363	1,137	337
91 – 180 days	51	312	321	248
181 – 365 days	75	5	17	141
Over 365 days	29	41	13	3
	681	1,721	1,488	729
Less: allowance for credit losses	(30)	(72)	(69)	(37)
	651	1,649	1,419	692

Details of impairment assessment of trade receivables are set out in Note 37.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments to suppliers and service providers	26,726	23,622	54,173	92,788
Amounts due from licensed commercial banks *(Note i)*	–	44,885	64,139	25,215
Amounts due from aggregation platforms *(Note ii)*	3,651	11,864	17,854	30,069
Deposits paid to suppliers	2,418	3,268	4,817	7,014
Input value added tax recoverable	2,707	2,348	2,265	2,313
Advance to employees	2,571	2,999	3,654	3,451
Prepayments for long term service	1,000	1,000	–	–
Rental deposits	1,029	1,295	1,169	1,442
Deferred share issue costs	–	–	1,996	3,592
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	203	1,979	760	531
	40,305	93,260	150,889	166,678
Analyzed as:				
Non-current	3,447	4,820	4,470	7,412
Current	36,858	88,440	146,419	159,266
	40,305	93,260	150,889	166,678

Notes:

i. Restricted by the Regulation on Supervision and Administration of Non-bank Payment Institutions (《非銀行支付機構監督管理條例》) which was promulgated by the State Council on December 9, 2023, effective on May 1, 2024, neither non-financial institutions nor individuals are permitted to engage in any form of payment business without the approval of the People's Bank of China. Accordingly, the Company has cooperated with certain licensed commercial banks and opened designated bank accounts to collect the payments received from consumers and settle those payments with the Technicians.

ii. The amounts due from aggregation platforms represent the amounts collected on behalf of the Group by the aggregation platforms cooperated with the Group, netting off relevant service fee charged by the aggregation platforms. When consumers placed maintenance services orders to the Group through the applications owned by the aggregation platforms, the payments were first collected by the aggregation platforms on behalf of the Group. The amounts due from aggregation platforms are normally transferred to the Group's account within 90 days.

The Company

	As at December 31, 2023	As at June 30, 2024
	RMB'000	*RMB'000*
Deferred share issue costs	1,996	3,592
Prepaid [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]
	2,058	3,855

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured deposits *(Note i)*	200,600	312,830	50,344	–
Financial products issued by banks *(Note ii)*	30,000	–	80,013	–
Investment in a partnership *(Note iii)*	5,001	828	666	673
	235,601	313,658	131,023	673
Analyzed as:				
Non-current	5,001	828	666	673
Current	230,600	312,830	130,357	–
	235,601	313,658	131,023	673

Notes:

i. As at December 31, 2021, 2022 and 2023, the structured deposits issued by banks are short-term investments denominated in RMB with no predetermined or guaranteed return and are principal protected. These financial assets are with expected rates of return depending on the market price of foreign currencies, including USD, Singapore Dollar, Euro, and the gold price.

ii. As at December 31, 2021 and 2023, the financial products issued by banks are short-term investments denominated in RMB with no predetermined or guaranteed return and are not principal protected. These financial assets are with expected rates of return (not guaranteed), depending on the market price of underlying financial instruments, including [**REDACTED**] shares, bonds, debentures and other financial assets.

iii. During the year ended at December 31, 2021, the Group made an investment of RMB5,000,000 to Zhuhai Beihe No. 1 Investment Fund (Limited Partnership) (the "Zhuhai Beihe"), and held 50% interests in Zhuhai Beihe as a limited partner. Pursuant to the partner agreement, as an investment vehicle, Zhuhai Beihe has an investment period of five years subject to the extension agreed by all the partners and an investment exit period of two years subsequent to the investment period. During the investment period, the funds raised by Zhuhai Beihe would be directly invested to the target entity (the "Target Entity") stipulated in the partner agreement. Zhuhai Beihe has an unconditional obligation to pay to the Group by the end of the investment exit period, but with no principal and interests guaranteed, therefore, the investment in this partnership was accounted for as financial assets at FVTPL.

24. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents				
– Bank balances *(Note i)*	142,623	96,546	241,937	613,378
– Balances placed on payment platforms *(Note ii)*	1,059	963	1,626	2,169
– Cash on hand	–	–	10	10
	143,682	97,509	243,573	615,557
Pledged bank deposits	3	–	–	–
	143,685	97,509	243,573	615,557

Notes:

i. Bank balances carried interest at prevailing market rates based on daily bank deposit rate for the Track Record Period. As at December 31, 2021, 2022 and 2023 and June 30, 2024, the interest rate of these bank deposits ranged from Nil to 0.30%, from Nil to 0.25%, from Nil to 0.20% and from Nil to 5.31% per annum, respectively.

The bank balances denominated in RMB were placed with licensed banks in the PRC and the conversion of such balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

ii. Balances placed on payment platforms are denominated in RMB, represent cash that were deposited with licensed payment platforms in the PRC, such as Alipay and WeChat Pay. The balances were unsecured and interest free.

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents/pledged bank deposits denominated in various currencies are as follows:				
– RMB	143,685	97,509	243,573	375,973
– USD	–	–	–	239,584
	143,685	97,509	243,573	615,557

The Company

	As at December 31, 2023	As at June 30, 2024
	RMB'000	*RMB'000*
Cash and cash equivalents		
– Bank balances *(Note)*	–	5,526

Note: Bank balances of the Company carried interest at prevailing market rates based on daily bank deposit rate. As at June 30, 2024, the interest rate of these bank deposits ranged from Nil to 0.20% per annum, respectively.

	As at December 31, 2023	As at June 30, 2024
	RMB'000	*RMB'000*
Cash and cash equivalents denominated in various currencies are as follows:		
– RMB	–	5,007
– USD	–	519
	–	5,526

25. TRADE PAYABLES

Trade payables are non-interest bearing and the majority are with a credit term of 30 to 60 days. An aged analysis of the Group's trade payables, as at the end of the reporting period, based on the invoice date, is as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 30 days	5,136	11,735	18,717	23,535
31 to 60 days	1,119	4,899	1,596	32
61 to 180 days	432	103	24	277
More than 181 days	506	131	289	57
	7,193	16,868	20,626	23,901

26. OTHER PAYABLES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Warranty deposits from the Technicians	41,839	71,744	113,779	142,316
Staff costs payable	32,230	43,158	64,502	74,385
Amount due to a licensed commercial bank *(Note)*	5,796	–	–	–
Other taxes payables	1,960	2,170	4,166	3,944
Deposits from suppliers	204	174	413	453
Accrued expenses for the settlement of Technicians' award credits with a third party	–	–	–	4,137
Accrued [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Accrued share issue costs	–	–	1,039	437
Others	1,841	3,034	6,243	8,517
	83,870	120,280	196,443	236,728

Note: Amount due to a licensed commercial bank represents the amount collected by the third-party aggregation platforms or third-party payment platforms from the consumers, and needs to be transferred to the designated bank account of the licensed commercial bank in order to make a further settlement to the Technicians on a regular basis.

27. LEASE LIABILITIES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	5,102	5,504	6,136	7,935
Within a period of more than one year but not exceeding two years	3,340	3,023	4,779	4,897
Within a period of more than two years but not exceeding three years	1,060	1,295	2,547	2,745
Within a period of more than three years but not exceeding five years	480	341	2,655	1,961
Over five years	–	–	85	31
	9,982	10,163	16,202	17,569
Less: Amounts due for settlement within one year shown under current liabilities	(5,102)	(5,504)	(6,136)	(7,935)
Amounts due for settlement after one year shown under non-current liabilities	4,880	4,659	10,066	9,634

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the incremental annual borrowing rates applied to lease liabilities ranged from 4.65% to 4.90%, from 4.30% to 4.90%, from 4.20% to 4.90% and from 3.95% to 4.65%, respectively.

28. BANK BORROWINGS

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Unsecured and unguaranteed	990	10	–	–

The carrying amounts of the above bank borrowings are repayable:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	13	–	–	–
Within a period of more than one year but not exceeding two years	128	10	–	–
Within a period of more than two years but not exceeding three years	849	–	–	–
	990	10	–	–
Less: Amounts due within one year shown under current liabilities	(13)	–	–	–
Amounts shown under non-current liabilities	977	10	–	–

The exposure of the Group's bank borrowings are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Variable-rate borrowings *(Note)*	990	10	–	–

Note: As at December 31, 2021 and 2022, variable-rate borrowings of RMB990,000 and RMB10,000 carry interest at Loan Prime Rate 5 Years minus 0.15% per annum, while the interest rates are reset annually.

The Group early repaid the bank borrowings of RMB980,000 and RMB10,000 during the years ended December 31, 2022 and 2023 as the Directors were in the view that the working capital of the Group was sufficient.

29. CONTRACT LIABILITIES

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers	88	776	570	2,403
Membership fee from consumers	–	959	1,168	738
Total	88	1,735	1,738	3,141

As at January 1, 2021, contract liabilities amounted to RMB412,000.

The following table shows how much of the revenue recognized that was included in the contract liabilities balances at the beginning of the respective year/period:

	For the year ended December 31,			For the six months ended June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Advance from customers	412	88	776	570
Membership fee from consumers	–	–	959	773
Total	412	88	1,735	1,343

30. OTHER BORROWING

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other borrowing	–	–	70,000	–

Pursuant to the respective loan agreement and investment framework agreement dated October 11, 2023 entered into between Chongqing Woodpecker and six Series C Investors, the six Series C Investors agreed to advance an onshore loan to Chongqing Woodpecker with a total principal amount of RMB70,000,000 as prepaid consideration for the issuance of Series C1 Preferred Shares by the Company which is conditional upon the relevant Series C1 Investors or their respective affiliates completing the overseas direct investment filings (the "ODI Filings"). Upon the relevant Series C Investors completing the ODI Filings and entering into share subscription agreements with the Company, Chongqing Woodpecker shall be obligated to make repayment of the full principal amount of the onshore loan to the relevant Series C1 Investors within three working days, and the full repayment amount shall be remitted offshore to fund the subscription of the Series C1 Preferred Shares by the relevant Series C1 Investors.

As at December 31, 2023, the six Series C Investors have completed the ODI Filings but have not entered into share subscription agreements with the Company, therefore the prepaid consideration received from these Series C1 Investors were accounted for as other borrowing. The other borrowing was unsecured and unguaranteed and interest free.

In January 2024, the Company allotted and issued Series C1 Preferred Shares to above six Series C1 Investors, Chongqing Woodpecker repaid the other borrowing in full and the consideration for the Series C1 Preferred Shares was then received by the Company in late January 2024.

31. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Issued by Chongqing Woodpecker:				
Paid-in capital with preferential rights	226,785	263,427	345,809	–
Issued by the Company:				
Series A Preferred Shares	–	–	–	86,367
Series B Preferred Shares	–	–	–	120,889
Series B+ Preferred Shares	–	–	–	156,540
Series C1 Preferred Shares	–	–	–	201,089
Series C2 Preferred Shares	–	–	–	30,313
	226,785	263,427	345,809	595,198
Analyzed as:				
Non-current	226,785	263,427	345,809	–
Current	–	–	–	595,198
	226,785	263,427	345,809	595,198
Financial liabilities at FVTPL denominated in various currencies are as follows:				
– RMB	226,785	263,427	345,809	465,737
– USD	–	–	–	129,461
	226,785	263,427	345,809	595,198

Issued by Chongqing Woodpecker:

Series A Financing

On November 11, 2017, Chongqing Woodpecker entered into an investment agreement (the "Series A Financing") with three independent investors (collectively as the "Series A Investors"), pursuant to which the Series A Investors shall make total investments of RMB16,666,667 to subscribe new paid-in capital of RMB3,492,222.23 with certain preferential rights in Chongqing Woodpecker. The cash consideration was fully settled before January 2018.

Series B Financing

On December 25, 2020, Chongqing Woodpecker entered into an investment agreement (the "Series B Financing") with three independent investors (collectively as the "Series B Investors"), pursuant to which the Series B Investors shall make total investments of RMB85,000,000 to subscribe new paid-in capital of RMB3,784,695.84 with certain preferential rights in the Company. The cash consideration was fully settled during the year ended December 31, 2021.

Series B+ Financing

On August 8, 2021, Chongqing Woodpecker entered into an investment agreement (the "Series B+ Financing") with three independent investors (collectively as the "Series B+ Investors"), pursuant to which the Series B+ Investors shall make total investments of RMB120,000,000 to subscribe new paid-in capital of RMB4,728,643.51 with certain preferential rights in the Company. The cash consideration was settled during the year ended December 31, 2021.

The paid-in capital subscribed by Series A Investors, Series B Investors and Series B+ Investors are collectively referred to as Paid-in Capital with Preferred Rights.

According to the Series B+ Financing agreement, the preferential rights for the Series A Investors, Series B Investors and Series B+ Investors were redesignated and the key terms of are summarized as below. In Series B+ Financing agreement, the preferential rights of Series A Investors and Series B Investors were not changed except for the preference order under liquidation and redemption, and the redemption date.

(i) Liquidation preferences

If any liquidation, dissolution, termination or deemed liquidation event occurs in Chongqing Woodpecker:

The Series A Investors shall be entitled to receive the following amounts: (i) the amount equal to the original investment amount and (ii) any dividends that have been declared but not yet paid.

The Series B Investors and Series B+ Investors shall be entitled to receive the following amounts: (i) the amount equal to the original investment amount plus interest of 8% per annum calculated on a simple basis and (ii) any dividends that have been declared but not yet paid.

The distributing shall be made in the following sequence: first to series B+ Investors, secondly to the series B Investors and thirdly to the series A Investors. In addition, if the assets or funds distributable are insufficient to permit the payment for the full preference amounts of respective series according to above sequence, then the assets or funds of the Group available for distribution shall be distributed ratably among the holders of respective series of Paid-in Capital with Preferred Rights in proportion to the number of that series of Paid-in Capital with Preferred Rights owned by each such holder.

If there are any assets or funds remaining after the payment of the preference amount, the remaining assets or funds available for distribution to the members of the Company shall be distributed ratably among all members including the holders of Paid-in Capital with Preferred Rights according to the relative number of shares held by such members.

(ii) Anti-dilution right

If Chongqing Woodpecker issues new paid-in capital at a price lower than the price paid by the Series A Investors, Series B Investors or Series B+ Investors, the investors of Paid-in Capital with Preferred Rights shall have the right to require the Founders or partnerships for share award scheme to transfer paid-in capital or Chongqing Woodpecker to issue new paid-in capital to the investors of Paid-in Capital with Preferred Rights at total consideration of RMB1, so that the adjusted proportion of shares held by the investors of Paid-in Capital with Preferred Rights equal to a specific proportion.

(iii) Redemption right

The investments from the Series A Investors, Series B Investors and Series B+ Investors shall be redeemed by Chongqing Woodpecker Group, at the option of the investors if the occurrence of the following certain contingent events:

- the Company fails to complete a qualified [**REDACTED**] within 5 years since the settlement of Series B Financing;
- the existing shareholders of Chongqing Woodpecker and/or Chongqing Woodpecker Group commit an intentional fraud, material negligence or material integrity problems which seriously impair the interests of Chongqing Woodpecker Group;

- without the consent of all of the Paid-in Capital with Preferred Rights investors, the equity interests held by the Founders or incentive platforms is substantially transferred for any reasons or any potential risks for such transfer exists;

- the continuous holding of equity interests in Chongqing Woodpecker will cause material losses to such investors or make it impossible to achieve their investment expectations due to unequal or unfair treatment with respect to the interests held by such investors in Chongqing Woodpecker or similar reasons hereof;

- any material breach of the investment agreements by Chongqing Woodpecker Group and/or the Founders (including full-time commitment and non-compete commitment);

- any existing or future investors of Chongqing Woodpecker which is entitled to such redemption right requested Chongqing Woodpecker Group to redeem the equity interests held by it; and

- with respect to 58 Tongcheng Information Technology Co., Ltd.* (五八同城信息技術有限公司) ("58 Tongcheng"), any material change to the principal business or the business operation of Chongqing Woodpecker Group without the prior consents from 58 Tongcheng.

The Series A Investors shall be entitled to receive the redemption amount equal to the original investment amount plus interest of 7% per annum calculated on a simple basis, and minus paid dividends.

The Series B Investors and Series B+ Investors shall be entitled to receive the redemption amount equal to the original investment amount plus interest of 8% per annum calculated on a simple basis, and minus paid dividends.

If on redemption date, Chongqing Woodpecker Group's assets and funds which are legally available are insufficient to pay in full of aggregate applicable redemption amount to be paid on such date, such assets and funds which are legally available shall be distributed in the following sequence: first to series B+ Investors, secondly to the series B Investors and thirdly to the series A Investors.

Capital Reduction in Chongqing Woodpecker and preferred shares issued by the Company

As part of the Group Reorganization, on January 4, 2024, holders of Paid-in Capital with Preferred Rights of Chongqing Woodpecker exited Chongqing Woodpecker by way of Capital Reduction in its registered capital with a total amount of RMB12,005,561.58 at the original investment amount of RMB221,666,000.

As detailed in Note 1.2(vii), on January 3, 2024, as part of the Group Reorganization, the Company issued 6,984,444 Series A Preferred Shares, 7,569,391 Series B Preferred Shares and 9,457,288 Series B+ Preferred Shares to mirror the shareholding of Paid-in Capital with Preferred Rights in Chongqing Woodpecker. The fair value of Series A Preferred Shares, Series B Preferred Shares and Series B+ Preferred Shares issued by the Company as at January 3, 2024 was same with the fair value of Paid-in Capital with Preferential Rights in Chongqing Woodpecker, therefore, no fair value change was recognized.

As detailed in Note 1.2(viii), on January 4, 2024 and January 19, 2024, as part of the Group Reorganization, the Company further allotted and issued a total of 11,381,160 Series C1 Preferred Shares to certain independent investors at a total consideration of RMB196,657,500.

On March 19, 2024, the Company further allotted and issued a total of 1,737,422 series C2 preferred shares ("Series C2 Preferred Shares") to certain independent investors at a total consideration of RMB30,000,000.

Series A Preferred Shares, Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 Preferred Shares are collectively referred to as Preferred Shares.

Each holder of Preferred Shares has the right, at such holder's sole discretion, to convert all or any portion of the Preferred Shares into ordinary shares at any time. The conversion rate for Preferred Shares shall be determined by dividing Preferred Share issue price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the Preferred Share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events. Preferred Shares shall be automatically converted into ordinary shares upon the consummation of a qualified [**REDACTED**].

* *English name is for identification purpose only*

The key terms of preferential rights for the holders of Preferred Shares are summarized as follows:

(i) Liquidation preferences

If any liquidation, dissolution, or winding up of the Company, either voluntary or involuntary, or any deemed liquidation event occurs in the Company:

The holders of Series A Preferred Shares shall be entitled to receive the following amounts: (i) the amount equal to the original investment amount and (ii) any dividends that have been declared but not yet paid.

The holders of Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 Preferred Shares shall be entitled to receive the following amounts: (i) the amount equal to the original investment amount plus interest of 8% per annum calculated on a simple basis and (ii) any dividends that have been declared but not yet paid.

The distributing shall be made in the following sequence: first to the holders of Series C1 Preferred Shares and Series C2 Preferred Shares, secondly to the holders of Series B+ Preferred Shares, thirdly to the holders of Series B Preferred Shares and fourthly to the holders of Series A Preferred Shares. In addition, if the assets or funds distributable are insufficient to permit the payment for the full preference amounts of respective series according to above sequence, then the assets or funds of the Group available for distribution shall be distributed ratably among the holders of respective series of Preferred Shares in proportion to the number of that series of Preferred Shares owned by each such holder.

If there are any assets or funds remaining after the payment of the preference amount, the remaining assets or funds available for distribution to the members of the Company shall be distributed ratably among all members including the holders of Preferred Shares according to the relative number of shares held by such members.

(ii) Redemption right

The investments from the holders of Preferred Shares shall be redeemed by the Group, at the option of the investors if the occurrence of the following certain contingent events:

- the Company fails to complete a qualified [**REDACTED**] by January 21, 2026;
- the Company, the holders of the ordinary shares of the Company, and/or the Group commit an intentional fraud, gross negligence or material integrity problems which seriously impair the interests of the Group;
- without the consent of holders of all of the Preferred Shares, the ownership of equity interest held by the Founders or incentive platforms is substantially transferred for any reasons or any potential risks for such transfer exist;
- the continuous holding of equity interest in the Company will cause material losses to such investor or make it impossible to achieve their investment expectations due to unequal or unfair treatment with respect to the equity interests held by such investor in the Company or similar reasons hereof;
- any material breach of the financing transaction documents by the Group and/or the Founders (including full-time commitment and non-compete commitment);
- any existing or future holder of the equity securities which is entitled to such redemption right requested the Company to redeem the equity securities held by it; and
- Only with respect to 58 Tongcheng, any material change to the principal business or the business operation of the Group without the prior consents from 58 Tongcheng.

The holder of Series A Preferred Shares shall be entitled to receive the redemption amount equal to the original investment amount plus interest of 7% per annum calculated on a simple basis, and minus paid dividends.

The holder of Series B Preferred Shares, Series B+ Preferred Shares, Series C1 Preferred Shares and Series C2 Preferred Shares shall be entitled to receive the redemption amount equal to the original investment amount plus interest of 8% per annum calculated on a simple basis, and minus paid dividends.

If on redemption date, the Company's assets and funds which are legally available are insufficient to pay in full of aggregate applicable redemption amount to be paid on such date, such assets and funds which are legally available shall be distributed in the following sequence: first to the holders of Series C1 Preferred Shares and Series C2 Preferred Shares, secondly to the holders of Series B+ Preferred Shares, thirdly to the holders of Series B Preferred Shares and fourthly to the holders of Series A Preferred Shares.

Presentation and classification

The Company elected to designate the Paid-in Capital with Preferred Rights and Preferred Shares as financial liabilities at FVTPL. The fair value change of the Paid-in Capital with Preferred Rights and Preferred Shares is charged/credited to changes in fair value of financial liabilities at FVTPL except for the portion attributable to credit risk change which shall be charged/credited to other comprehensive income, if any. The Directors considered that the credit risk change on the Paid-in Capital with Preferred Rights and Preferred Shares that drive the fair value change of the financial liabilities during the Track Record Period is immaterial.

The Paid-in Capital with Preferred Rights and Preferred Shares were valued by the Directors with reference to valuations carried out by ValueLink Management Consultants Limited* (藍策亞洲(北京)企業管理諮詢有限公司) (Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, the PRC), an independent valuer not connected with the Group, which has appropriate qualifications and experiences in valuation of similar instruments.

The fair values of the Paid-in Capital with Preferred Rights and Preferred Shares at the end of each reporting period were as follows:

	Paid-in Capital with Preferred Rights	Preferred Shares	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021	31,587	–	31,587
Issue of Paid-in Capital with Preferred Rights	205,000	–	205,000
Change in fair value	(9,802)	–	(9,802)
At December 31, 2021	226,785	–	226,785
Change in fair value	36,642	–	36,642
At December 31, 2022	263,427	–	263,427
Change in fair value	82,382	–	82,382
At December 31, 2023	345,809	–	345,809
Capital Reduction in Chongqing Woodpecker and exchange with issue of Preferred Shares	(345,809)	345,809	–
Issue of Preferred Shares	–	226,657	226,657
Change in fair value	–	22,732	22,732
At June 30, 2024	–	595,198	595,198

The Company used the back-solve method as at December 31, 2021 and 2023 and discounted cash flow method as at December 31, 2022 to determine the underlying share value of Chongqing Woodpecker and the back-solve method as at June 30, 2024 to determine the underlying share value of the Company, and then performed an equity allocation based on an option pricing method ("OPM") to arrive the fair value of the Paid-in Capital with Preferred Rights and Preferred Shares as of the dates of issuance and at the end of each reporting period.

* *English name is for identification purpose only*

The discount rate used in the discounted cash flow method as at December 31, 2022 was 17%. In addition to the underlying share value of Chongqing Woodpecker and the Company determined by discounted cash flow and back-solve method, other key valuation assumptions used in OPM model to determine the fair value are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Time to [**REDACTED**]	2026/1/21	2026/1/21	2024/12/31	2024/12/31
Time to liquidation	2026/1/21	2026/1/21	2024/12/31	2024/12/31
Risk-free interest rate	2.52%	2.45%	2.17%-2.19%	1.45%-1.60%
Discount for lack of marketability	22.00%	22.00%	11.03%	7.00%
Volatility rate	54.03%	62.40%	39.10%-56.89%	38.91%-39.34%
Possibilities under liquidation scenario	35.00%	32.50%	22.50%	20.00%
Possibilities under [**REDACTED**] scenario	30.00%	35.00%	55.00%	60.00%
Possibilities under redemption scenario	35.00%	32.50%	22.50%	20.00%

Risk-free interest rate was estimated based on the China government bond yield curve with maturity matching to the expected exit period as at the valuation date.

The discount for lack of marketability was estimated based on the finnerty model with reference to the comparable companies in the same industry.

Volatility was estimated on the valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the valuation date to expected [**REDACTED**], liquidation or redemption dates, where applicable.

The Company

	Preferred Shares
	RMB'000
At January 1, 2024	–
Issue of Preferred Shares	572,466
Change in fair value	22,732
At June 30, 2024	595,198

32. SHARE-BASED PAYMENTS

During the year ended December 31, 2020, in accordance with the share incentive plan of restricted share awards (the "Pre-[**REDACTED**] Share Incentive Plan"), the eligible employees may be granted restricted share awards of Chongqing Woodpecker through certain partnerships located in Chongqing, the PRC, which are controlled by the Ultimate Controlling Shareholder (collectively the "Chongqing Incentive Platforms").

For the Group Reorganization purpose, seven partnerships located in Tianjin, the PRC (collectively the "Tianjin Incentive Platforms") were established in November 2023 to directly hold shares in the Company. Each Tianjin Incentive Platforms is held as to 99.99% by respective Chongqing Incentive Platforms and 0.01% by its general partner Chongqing Niuniao Technology Co., Ltd.* (重慶牛鳥科技有限公司), which is wholly owned by Mr. Wang Guowei and Ms. Wang Yuhua. The vesting conditions of the restricted share awards granted (as detailed below) remain unchanged prior to and after the completion of the Group Reorganization.

* *English name is for identification purpose only.*

During the years ended December 31, 2020, 2021, 2022 and 2023, the restricted share awards under the Pre-[**REDACTED**] Share Incentive Plan were granted in six different tranches and would be vested according to the following vesting conditions:

Restricted share awards tranche	Number of restricted share awards of Chongqing Woodpecker granted	Grant date	Fair value of each restricted share award at grant date	Vesting period
Restricted share awards tranche A	112,159	September, 2020	RMB1.50	from grant date to 36 months after the date of qualified [**REDACTED**]
Restricted share awards tranche B	1,006,258	October, 2020	RMB1.50	from grant date to 36 months after the date of qualified [**REDACTED**]
Restricted share awards tranche C	13,511	September, 2021	– *(Note)*	from grant date to 36 months after the date of qualified [**REDACTED**]
Restricted share awards tranche D	35,639	November, 2021	RMB3.91	from grant date to 36 months after the date of qualified [**REDACTED**]
Restricted share awards tranche E	230,608	September, 2022	RMB6.80	from grant date to 36 months after the date of qualified [**REDACTED**]
Restricted share awards tranche F	270,596	July, 2023	– *(Note)* or RMB10.21	from grant date to 36 months after the date of qualified [**REDACTED**]

Note: The purchase price for each restricted share award required to be paid by the employee was higher than the fair value of each paid-in capital of Chongqing Woodpecker at grant date, therefore, the fair value of each restricted share award of these two tranches at grant date is Nil.

The fair value of each restricted share award at grant date was calculated using the back-solve method or discounted cash flow method and allocated based on an OPM. The key valuation assumptions used in OPM model to determine the fair value are as follows:

	Tranche A	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F
Time to [**REDACTED**]	2026/1/21	2026/1/21	2026/1/21	2026/1/21	2026/1/21	2026/1/21
Time to liquidation . . .	2026/1/21	2026/1/21	2026/1/21	2026/1/21	2026/1/21	2026/1/21
Risk-free interest rate. .	2.98%	2.98%	2.64%	2.52%	2.39%	2.28%
Discount for lack of marketability.	23.00%	23.00%	22.00%	22.00%	22.00%	19.00%
Volatility rate.	49.09%	49.09%	52.14%	54.03%	60.41%	58.63%
Possibilities under liquidation scenario .	40.00%	40.00%	35.00%	35.00%	32.50%	30.00%
Possibilities under [**REDACTED**] scenario.	20.00%	20.00%	30.00%	30.00%	35.00%	40.00%
Possibilities under [**REDACTED**] scenario.	40.00%	40.00%	35.00%	35.00%	32.50%	30.00%

As the vesting of the restricted share awards is contingent on a qualified [**REDACTED**] and the employee being granted of the restricted share awards shall remain employment with the Group during the vesting period, in the opinion of the Directors, no share-based payment expense shall be recognized unless and until the qualified [**REDACTED**] is probable. As a result, no expense has yet been recognized during the years ended December 31, 2021 and 2022.

In November 2023, the Directors were of the view that the qualified [**REDACTED**] is probable and total expense of RMB1,127,000 and RMB222,000 were recognized in relation to the restricted share awards for the year ended December 31, 2023 and the six months ended June 30, 2024, respectively.

33. PAID-IN CAPITAL/SHARE CAPITAL

The Group

For the purpose of presenting the Historical Financial Information, the paid-in capital as at January 1, 2021, December 31, 2021 and 2022 represented the amount of the paid-in capital of Chongqing Woodpecker at the respective dates before the Company became the holding company of the Group.

The paid-in capital/share capital shown in the Historical Financial Information as at December 31, 2023 represented the sum of paid-in capital of Chongqing Woodpecker and issued share capital of the Company.

The share capital shown in the Historical Financial Information as at June 30, 2024 represented the issued share capital of the Company.

The Company

Details of share capital of the Company are disclosed as follows:

	Number of shares	Nominal amount	Shown in the consolidated financial statements
		USD'000	*RMB'000*
Ordinary shares of USD0.0001 each			
Authorized:			
At September 11, 2023 (date of incorporation), December 31, 2023 and June 30, 2024	500,000,000	50	
Issued and fully paid:			
At September 11, 2023 (date of incorporation)	1	–	–
Issue of shares	24,089,357	2	17
At December 31, 2023	24,089,358	2	17
Issue of shares	38,770,643	4	28
At June 30, 2024	62,860,001	6	45

Note: On September 11, 2023, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and has an authorized share capital of USD50,000 divided into 500,000,000 shares with a par value of USD0.0001 each. Upon incorporation, one share, representing the then issued share capital of the Company, was issued and transferred to WANGW Holding Limited at nominal value.

On the same date, the Company allotted and issued 24,089,357 shares with a par value of USD0.0001 each to the offshore holding vehicles wholly owned by the Founders (as detailed in Note 1.2(i)).

On January 3, 2024, as part of the Group Reorganization, the Company allotted and issued 38,770,643 shares with a par value of USD0.0001 each to the certain then existing shareholders of Chongqing Woodpecker (as detailed in Note 1.2(vii)).

34. RETIREMENT BENEFIT SCHEMES

The Group participates in defined contribution retirement schemes organized by the relevant local government authorities in the PRC. Certain employees of the Group eligible for participating in the retirement schemes are entitled to retirement benefits from the schemes. The Group is required to make contributions to the retirement schemes up to the time of retirement of the eligible employees, excluding those employees who resign before their retirement, at a percentage that is specified by the local government authorities.

The total expense recognized in profit or loss of approximately RMB7,622,000, RMB12,262,000, RMB14,652,000 and RMB8,610,000 for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, representing contributions paid/payable to these plans by the Group at rates specified in the rules of the plans. As at December 31, 2021, 2022 and 2023 and June 30, 2024, contributions of RMB5,978,000, RMB9,381,000, RMB12,835,000 and RMB14,933,000 due in respect of the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, respectively, had not been paid over to the plans.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows from financing activities:

			Non-cash changes				
	At January 1, 2021	**Financing cash flows**	**Interest accruals**	**Lease liabilities recognized**	**Lease termination**	**Change in fair value**	**At December 31, 2021**
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings *(Note 28)*	–	990	–	–	–	–	990
Lease liabilities *(Note 27)*	7,299	(4,771)	443	7,795	(784)	–	9,982
Financial liabilities at FVTPL *(Note 31)*	31,587	205,000	–	–	–	(9,802)	226,785
	38,886	201,219	443	7,795	(784)	(9,802)	237,757

			Non-cash changes				
	At January 1, 2022	**Financing cash flows**	**Interest accruals**	**Lease liabilities recognized**	**Lease termination**	**Change in fair value**	**At December 31, 2022**
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings *(Note 28)*	990	(984)	4	–	–	–	10
Lease liabilities *(Note 27)*	9,982	(6,458)	433	7,018	(812)	–	10,163
Financial liabilities at FVTPL *(Note 31)*	226,785	–	–	–	–	36,642	263,427
	237,757	(7,442)	437	7,018	(812)	36,642	273,600

			Non-cash changes					
	At January 1, 2023	Financing cash flows	Interest accruals	Lease Liabilities recognized	Lease termination	Change in fair value	Issue costs accrued	At December 31, 2023
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings *(Note 28)*	10	(10)	–	–	–	–	–	–
Lease liabilities *(Note 27)*	10,163	(8,210)	560	15,023	(1,334)	–	–	16,202
Financial liabilities at FVTPL *(Note 31)*	263,427	–	–	–	–	82,382	–	345,809
Accrued share issue costs *(Note 26)*	–	(957)	–	–	–	–	1,996	1,039
Amounts due to related parties *(Note 42)*	10	(10)	–	–	–	–	–	–
Other borrowing *(Note 30)*	–	70,000	–	–	–	–	–	70,000
	273,610	60,813	560	15,023	(1,334)	82,382	1,996	433,050

			Non-cash changes					
	At January 1, 2024	Financing cash flows	Interest accruals	Lease Liabilities recognized	Lease termination	Change in fair value	Issue costs accrued	At June 30, 2024
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities *(Note 27)*	16,202	(4,914)	376	6,834	(929)	–	–	17,569
Financial liabilities at FVTPL *(Note 31)*	345,809	226,657	–	–	–	22,732	–	595,198
Accrued share issue costs *(Note 26)*	1,039	(2,198)	–	–	–	–	1,596	437
Other borrowing *(Note 30)*	70,000	(70,000)	–	–	–	–	–	–
	433,050	149,545	376	6,834	(929)	22,732	1,596	613,204

Note: The cash flows represent new bank borrowings raised, repayments of bank borrowings, interests paid on bank borrowings, repayments of lease liabilities, Capital Reduction of holders of paid-in capital with preferred rights of Chongqing Woodpecker, proceeds from financial liabilities at fair value through profit or loss, new other borrowing raised, repayment of other borrowing, repayments of loans to related parties and deferred issue costs paid.

36. CAPITAL COMMITMENTS

As at December 31, 2021, 2022 and 2023 and June 30, 2024, the Group had the following capital commitments:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	–	–	4,158	10,924

37. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Categories of the financial instruments

The Group

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets:				
Financial assets at FVTPL	235,601	313,658	131,023	673
Financial assets at amortized cost	154,415	164,325	337,323	682,907
Financial liabilities:				
Financial liabilities at FVTPL	226,785	263,427	345,809	595,198
Financial liabilities at amortized cost	57,873	91,840	216,303	180,379

The Company

	As at December 31, 2023	As at June 30, 2024
	RMB'000	*RMB'000*
Financial assets:		
Financial assets at amortized cost	17	5,526

Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, trade receivables, deposits and other receivables, amounts due from related parties, amounts due from shareholders, pledged bank deposits, cash and cash equivalents, trade and other payables, financial liabilities at FVTPL, amounts due to related parties, bank borrowings and other borrowing. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group undertakes certain transactions in foreign currencies, which expose the Group to foreign currency risk. The Group does not use any derivative contracts to hedge against its exposure to currency risk. The management manages its currency risk by closely monitoring the movement of the foreign currency rates and considers hedging significant foreign currency exposure should such need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and denominated monetary liabilities as at the end of the reporting period are as follows:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets				
USD	–	–	–	239,584
Liabilities				
USD	–	–	–	129,461

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in USD against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit and other equity where USD strengthen 5% against the relevant currency. For a 5% weakening of USD against the relevant currency, there would be an equal and opposite impact on the profit and other comprehensive income and the amounts below would be negative.

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
USD	–	–	–	–	3,778

The above sensitivity analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits (Note 24), lease liabilities (Note 27) and financial liabilities at FVTPL (Note 31). The Group is also exposed to cash flow interest risk in relation to variable-rate bank balances (Note 24) and variable-rate bank borrowings (Note 28), which carry prevailing market interests. The management of the Group manages the interest rate risk by maintaining a balanced portfolio of fixed rate and floating rate bank borrowings and bank balances. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

No sensitivity analysis on interest rate risk is presented as the Directors consider the sensitivity on interest rate risk on variable-rate bank balances and bank borrowings is insignificant.

Other price risk

The Group is exposed to other price risk through financial liabilities at FVTPL and investments in financial assets measured at FVTPL. Sensitivity analyses for financial liabilities at FVTPL and investment in a partnership were disclosed in Note 38. The management of the Group considers the fluctuation in fair value changes on financial products issued by banks and structured deposits was insignificant, taking into account the short-term duration of such financial products.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of financial position (including trade receivables, deposits and other receivables, amounts due from related parties, financial assets at FVTPL, pledged bank deposits and cash and cash equivalents).

Pledged bank deposits, cash and cash equivalents and financial assets at FVTPL

The management of the Group considers pledged bank deposits and cash and cash equivalents that are deposited with state-owned banks or financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers the pledged bank deposits and cash and cash equivalents are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers as at December 31, 2021, 2022 and 2023 and June 30, 2024, and accordingly, no ECL was recognized as at December 31, 2021, 2022 and 2023 and June 30, 2024.

In determining the credit risk for financial assets at FVTPL, the management of the Group considers the issuers of financial products and structured deposits are with high credit rating and no past due history, therefore the credit risk of financial products issued by banks and structured deposits is estimated to be low. The management of the Group monitors the operation of Zhuhai Beihe on a regular basis, details of the terms of this investment in a partnership are disclosed in Note 23.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on these items by using a provision matrix-debtors aging, based on shared credit risk characteristics by reference to repayment histories. The provision rates applied is estimated using the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonably and supportably available without undue costs or effort. At the end of each of the reporting period, these historical loss rates are reassessed and updated if required after considering the forward-looking information then available to the Directors. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its operation because these customers with common risk characteristics are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL.

	As at December 31, 2021		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	*RMB'000*	*RMB'000*
Within 180 days	3.94	577	23
181 – 365 days	4.64	75	3
366 – 545 days	6.33	18	1
546 – 725 days	9.46	8	1
726 – 905 days	10.23	1	–
Over 905 days	100.00	2	2
		681	30

	As at December 31, 2022		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	*RMB'000*	*RMB'000*
Within 180 days	4.00	1,675	67
181 – 365 days	4.69	5	–
366 – 545 days	6.39	30	2
546 – 725 days	9.51	6	1
726 – 905 days	10.29	3	–
Over 905 days	100.00	2	2
		1,721	72

	As at December 31, 2023		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	*RMB'000*	*RMB'000*
Within 180 days	4.61	1,458	67
181 - 365 days	4.83	17	1
366 - 545 days	6.49	1	–
726 - 905 days	10.34	12	1
		1,488	69

	As at June 30, 2024		
	Average loss rate	Gross carrying amount	Impairment loss allowance
	%	RMB'000	RMB'000
Within 180 days	4.97	584	29
181 - 365 days	5.59	143	8
366 - 545 days	6.92	2	–
		729	37

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movements in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	RMB'000
At January 1, 2021	170
Impairment losses reversed	(33)
Written-offs	(107)
At December 31, 2021	30
Impairment losses recognized	42
At December 31, 2022	72
Impairment losses recognized	67
Written-offs	(70)
At December 31, 2023	69
Impairment losses reversed	(1)
Written-offs	(31)
At June 30, 2024	37

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Amounts due from related parties

In determining the ECL for amounts due from related parties, the management of the Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. In view of the strong financial capability of these related parties and considered the future prospects of the industry in which these related parties operate, the management of the Group does not consider there is a risk of default and does not expect any losses from non-performance by these related parties, therefore the loss rates of amounts due from related parties are estimated to be low, and accordingly, no ECL was recognized in respect of the amounts due from related parties as at December 31, 2021, 2022 and 2023 and June 30, 2024.

Deposits and other receivables

In determining the ECL for deposits and other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate, for example the Group has considered the consistently low historical default rate and the strong financial capability of the debtor of deposits and other receivables, and concluded that credit risk inherent in the Group's outstanding deposits and other receivables is insignificant. The management of the Group has assessed that deposits and other receivables have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no ECL has been recognized in respect of the deposits and other receivables as at December 31, 2021, 2022 and 2023 and June 30, 2024.

Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a reasonable level of cash and cash equivalents which is deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on the cash generated from operating activities as the main source of liquidity. During the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, the Group had net cash generated from operating activities of RMB36,936,000, RMB39,463,000, RMB149,462,000 and RMB94,564,000, respectively.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interests and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2021							
Financial liabilities							
Trade payables	–	7,193	–	–	–	7,193	7,193
Other payables	–	49,680	–	–	–	49,680	49,680
Bank borrowings	4.50%	54	166	874	–	1,094	990
Amounts due to related parties	–	10	–	–	–	10	10
Subtotal		56,937	166	874	–	57,977	57,873
Lease liabilities	4.78%	5,216	3,567	1,183	565	10,531	9,982
Total		**62,153**	**3,733**	**2,057**	**565**	**68,508**	**67,855**

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2022							
Financial liabilities							
Trade payables	–	16,868	–	–	–	16,868	16,868
Other payables	–	74,952	–	–	–	74,952	74,952
Bank borrowings	4.28%	–	11	–	–	11	10
Amounts due to related parties	–	10	–	–	–	10	10
Subtotal		91,830	11	–	–	91,841	91,840
Lease liabilities	4.60%	5,625	3,226	1,444	401	10,696	10,163
Total		**97,455**	**3,237**	**1,444**	**401**	**102,537**	**102,003**

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023							
Financial liabilities							
Trade payables	–	20,626	–	–	–	20,626	20,626
Other payables	–	125,676	–	–	–	125,676	125,676
Other borrowing	–	70,000	–	–	–	70,000	70,000
Amounts due to related parties	–	1	–	–	–	1	1
Subtotal		216,303	–	–	–	216,303	216,303
Lease liabilities	4.55%	6,251	5,081	2,810	3,195	17,337	16,202
Total		**222,554**	**5,081**	**2,810**	**3,195**	**233,640**	**232,505**

	Weighted average interest rate	On demand or within 1 year	Over 1 year but within 2 years	Over 2 years but within 3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at June 30, 2024							
Financial liabilities							
Trade payables	–	23,901	–	–	–	23,901	23,901
Other payables	–	156,478	–	–	–	156,478	156,478
Subtotal		180,379	–	–	–	180,379	180,379
Lease liabilities	4.30%	8,116	5,203	3,042	2,315	18,676	17,569
Total		**188,495**	**5,203**	**3,042**	**2,315**	**199,055**	**197,948**

38. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy as at December 31, 2021

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
Financial products issued by banks	–	30,000	–	30,000
Structured deposits	–	200,600	–	200,600
Investment in a partnership	–	–	5,001	5,001
Total	**–**	**230,600**	**5,001**	**235,601**
Financial liabilities at FVTPL				
Paid-in Capital with Preferred Rights	–	–	226,785	226,785

Fair value hierarchy as at December 31, 2022

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
Structured deposits	–	312,830	–	312,830
Investment in a partnership	–	–	828	828
Total	**–**	**312,830**	**828**	**313,658**
Financial liabilities at FVTPL				
Paid-in Capital with Preferred Rights	–	–	263,427	263,427

Fair value hierarchy as at December 31, 2023

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
Financial products issued by banks	–	80,013	–	80,013
Structured deposits	–	50,344	–	50,344
Investment in a partnership	–	–	666	666
Total	**–**	**130,357**	**666**	**131,023**
Financial liabilities at FVTPL				
Paid-in Capital with Preferred Rights	–	–	345,809	345,809

Fair value hierarchy as at June 30, 2024

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at FVTPL				
Investment in a partnership	–	–	673	673
Total	**–**	**–**	**673**	**673**
Financial liabilities at FVTPL				
Preferred Shares	–	–	595,198	595,198

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets/liabilities	Fair value as at December 31,			Fair value as at June 30,	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)
	2021	2022	2023	2024			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*			
Financial assets at FVTPL:							
Structured deposits. .	200,600	312,830	50,344	–	Level 2	Redemption value quoted by banks	N/A
Financial products issued by banks . .	30,000	–	80,013	–	Level 2	Redemption value quoted by banks	N/A
Investment in a partnership	5,001	828	666	673	Level 3	Asset based approach	Net value of the underlying investment as at December 31, 2021 and probability of redemption as at December 31, 2022 and 2023 and June 30, 2024 *(Note i)*
Financial liabilities at FVTPL:							
Paid-in Capital with Preferred Rights .	226,785	263,427	345,809	–	Level 3	Back-solve method as at December 31, 2021 and 2023, discounted cash flow method as at December 31, 2022 and OPM	Detail valuation parameters and major assumptions used in the valuation are disclosed in Note 31 *(Note ii)*
Preferred Shares . . .	–	–	–	595,198	Level 3	Back-solve method and OPM	Detail valuation parameters and major assumptions used in the valuation are disclosed in Note 31 *(Note iii)*

Notes:

i. As at December 31, 2021, 2022 and 2023 and June 30, 2024, fair value of investment in a partnership is most significantly affected by net value of the underlying investment and probability of redemption, respectively.

As at December 31, 2021, decrease in the net value of the underlying investment used in isolation would result in a decrease in the fair value measurement of the investment in a partnership, and vice versa.

In August, 2022, Zhuhai Beihe issued the redemption notice and required the redemption obligors to redeem all the shares Zhuhai Beihe held in the Target Entity, therefore, the significant unobservable input changed from net value of the underlying investment to probability of redemption.

A decrease in probability of redemption would cause decrease in the fair value of investment in a partnership, and vice versa. If the probability of redemption increased to 30% or decreased to 10%, holding all other variables constant, the fair value of the investment in a partnership would increase/decrease to RMB1,180,000/RMB476,000 and RMB1,072,000/RMB260,000 and RMB1,132,000/RMB214,000 as at December 31, 2022 and 2023 and June 30, 2024.

ii. Paid-in Capital with Preferred Rights is most significantly affected by volatility as at December 31, 2021 and 2022. A decrease in volatility would cause increase in the fair value of Paid-in Capital with Preferred Rights, and vice versa. A 5% increase/decrease in the volatility and holding all other variables constant would decrease/increase the fair value of the Paid-in Capital with Preferred Rights by RMB4,868,000/RMB4,900,000 and RMB3,652,000/RMB3,545,000 as at December 31, 2021 and 2022.

Paid-in Capital with Preferred Rights is most significantly affected by risk-free interest rate as at December 31, 2023. A decrease in risk-free interest rate would cause increase in the fair value of Paid-in Capital with Preferred Rights, and vice versa. A 0.5% increase/decrease in the risk-free interest rate and holding all other variables constant would decrease/increase the fair value of the Paid-in Capital with Preferred Rights by RMB618,000/RMB623,000 as at December 31, 2023.

iii. Preferred Shares is most significantly affected by risk-free interest rate as at June 30, 2024. A decrease in risk-free interest rate would cause increase in the fair value of Preferred Shares, and vice versa. A 1% increase/decrease in the risk-free interest rate and holding all other variables constant would decrease/increase the fair value of the Preferred Shares by RMB1,474,000/RMB1,501,000 as at June 30, 2024.

There were no transfers between Level 1, 2 and 3 during the Track Record Period.

Reconciliation of Level 3 Measurements

The following table represents the reconciliation of Level 3 fair value measurements throughout the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024:

	Paid-in Capital with Preferred Rights	Preferred Shares	Investment in a partnership
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2021	31,587	–	–
Purchase	–	–	5,000
Issue	205,000	–	–
Changes in fair value	(9,802)	–	1
At December 31, 2021	**226,785**	**–**	**5,001**
Changes in fair value	36,642	–	(4,173)
At December 31, 2022	**263,427**	**–**	**828**
Changes in fair value	82,382	–	(162)
At December 31, 2023	**345,809**	**–**	**666**
Capital Reduction in Chongqing Woodpecker and exchange with issue of Preferred Shares	(345,809)	345,809	–
Issue of Preferred Shares	–	226,657	–
Changes in fair value	–	22,732	7
At June 30, 2024	**–**	**595,198**	**673**

The total gains or losses for the years ended December 31, 2021, 2022 and 2023 and the six months ended June 30, 2024, included RMB1,000 unrealized gain, RMB4,173,000 unrealized loss, RMB162,000 unrealized loss and RMB7,000 unrealized gain relating to financial assets that are at level 3 fair value measurement as at December 31, 2021, 2022 and 2023 and June 30, 2024. Such fair value gains or losses are included in "other gains and losses".

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The management considers that the carrying amounts of other financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

39. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the bank borrowings disclosed in Note 28, lease liabilities disclosed in Note 27, other borrowing disclosed in Note 30, financial liabilities at FVTPL disclosed in Note 31, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued paid-in capital, share capital, retained profits and other reserves.

The management of the Group reviews the capital structure regularly. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, new shares issues as well as raising, extension and early repayment of borrowings.

40. INVESTMENT IN A SUBSIDIARY

The investment in a subsidiary of the Company represented the cost of investment in Woodpecker Maintenance Holding Limited with the amount of RMB456,747,000, which comprises the cash consideration of USD1 paid to subscribe one share allotted and issued by Woodpecker Maintenance Holding Limited upon its establishment and further capital injection to this subsidiary with the amount of RMB456,747,000.

41. MOVEMENT OF THE COMPANY'S RESERVES

Below is a table showing the movements of the reserves of the Company during the Track Record Period:

	Share premium	Other reserve	Accumulated losses	Total
	RMB'000	*RMB'000* *(Note)*	*RMB'000*	*RMB'000*
As at January 1, 2023	**–**	**–**	**–**	**–**
Loss and total comprehensive expense for the year	–	–	(12,396)	(12,396)
[**REDACTED**] expenses paid or prepaid by Chongqing Woodpecker	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
As at December 31, 2023	**–**	**14,454**	**(12,396)**	**2,058**
Loss and total comprehensive expense for the period	–	–	(158,324)	(158,324)
Issue of shares of the Company	14,135	–	–	14,135
[**REDACTED**] expenses paid or prepaid by Chongqing Woodpecker	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
As at June 30, 2024	**14,135**	**27,470**	**(170,720)**	**(129,115)**

Note: Other reserve represents the [**REDACTED**] expenses paid or prepaid by Chongqing Woodpecker and the relevant amounts due to Chongqing Woodpecker have been waived pursuant to the debt forgiveness agreement between the Company and Chongqing Woodpecker.

42. RELATED PARTY DISCLOSURES

(A) Name and relationship

Names	Relationships
Mr. Wang Guowei	the Ultimate Controlling Shareholder
Ms. Wang Yuhua	Acting in concert party with Mr. Wang Guowei
Chongqing Zhuojinren Enterprise Management Consulting Center (Limited Partnership)* (重慶啄金人企業管理諮詢中心(有限合夥)) ("Zhuojinren")	One of Chongqing Incentive Platforms controlled by Mr. Wang Guowei
Chongqing Zhuojinke Enterprise Management Center (Limited Partnership)* (重慶啄金客企業管理中心(有限合夥)) ("Zhuojinke")	One of Chongqing Incentive Platforms controlled by Mr. Wang Guowei
Chongqing Zhuojinniao Enterprise Management Center (Limited Partnership)* (重慶啄金鳥企業管理中心(有限合夥)) ("Zhuojinniao")	One of Chongqing Incentive Platforms controlled by Mr. Wang Guowei
Chongqing Zhuojintu Enterprise Management Center (Limited Partnership)* (重慶啄金兔企業管理中心(有限合夥)) ("Zhuojintoo")	One of Chongqing Incentive Platforms controlled by Mr. Wang Guowei
58 Tongcheng	A shareholder of the Company with significant influence
Wuxi Wuba Yuejia Information Technology Co., Ltd.* (無錫五八悅家信息技術有限公司) ("Wuxi Wuba")	A subsidiary of 58 Tongcheng
Wuxi Wuba Ganji Information Technology Co., Ltd.* (無錫五八趕集信息技術有限公司) ("Wuba Ganji")	A subsidiary of 58 Tongcheng
Ruiting Network Technology (Shanghai) Co., Ltd.* (瑞庭網絡技術(上海)有限公司) ("Shanghai Ruiting")	A subsidiary of 58 Tongcheng
Tianjin Haodaojia Information Technology Co., Ltd.* (天津好到家信息技術有限公司) ("Tianjin Haodaojia")	A consolidated affiliated entity of 58 Tongcheng
Chongqing Lexiangxiu	An associate invested by the Group
China Dotman Co., Ltd.* (北京掌上通網絡技術股份有限公司) ("China Dotman")	A shareholder of the Company with significant influence

* *English name is for identification purpose only.*

(B) Related party transactions

During the Track Record Period, the Group has entered into the following transactions with related parties:

Purchase of services from related parties

Name of related parties	Nature of transactions	For the year ended December 31, 2021	2022	2023	For the six months ended June 30, 2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
58 Tongcheng	Traffic acquisition service	22,139	21,652	17,833	8,932	–
58 Tongcheng	Commission to 58 Tongcheng aggregation platform	1,779	501	–	–	–
Wuxi Wuba	Traffic acquisition service	–	–	–	–	5,931
Wuba Ganji	Recruitment service	–	–	–	–	89
Tianjin Haodaojia	Commission to Tianjin Haodaojia aggregation platform	2,513	2,350	2,132	1,032	812
Chongqing Lexiangxiu	Commission to Chongqing Lexiangxiu	–	–	530	302	250
China Dotman	Traffic acquisition service	–	–	6	–	7
Total		**26,431**	**24,503**	**20,501**	**10,266**	**7,089**

Provision of services to related parties

Name of related parties	Nature of transactions	For the year ended December 31, 2021	2022	2023	For the six months ended June 30, 2023	2024
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
China Dotman	Other service	–	–	–	–	2
Shanghai Ruiting	Maintenance services	–	–	–	–	–*
Total		**–**	**–**	**–**	**–**	**2**

* *Less than RMB1,000*

(C) Related party balances

Prepayments to related parties

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature:				
Prepayments to 58 Tongcheng	8,132	2,357	2,204	–
Prepayments to Wuxi Wuba	–	–	–	1,169
Prepayments to Wuba Ganji	–	–	–	49
Total	**8,132**	**2,357**	**2,204**	**1,218**

Amounts due from related parties:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature:				
Amounts due from Tianjin Haodaojia aggregation platform *(Note i)*	1,586	1,167	1,015	1,181
Deposits paid to Tianjin Haodaojia	300	300	346	346
Amounts due from 58 Tongcheng aggregation platform *(Note i)*	486	–	–	–
Deposits paid to 58 Tongcheng	358	360	322	–
Deposits paid to Wuxi Wuba	–	–	–	307
Deposits paid to Wuba Ganji	–	–	–	10
Amounts due from Chongqing Lexiangxiu *(Note ii)*	–	–	301	551
Amounts due from China Dotman	–	–	–	2
	2,730	1,827	1,984	2,397
Non-trade nature *(Note iii):*				
Advances to Zhuojintoo	42	43	24	–
Advances to Zhuojinniao	3	3	104	–
Advances to Zhuojinke	2	2	312	–
Advances to Zhuojinren	1	1	1,161	–
	48	49	1,601	–
Total	**2,778**	**1,876**	**3,585**	**2,397**

Notes:

i. The amounts due from Tianjin Haodaojia aggregation platform and 58 Tongcheng aggregation platform represent the amounts collected on behalf of the Group by these two aggregation platforms, netting off relevant service fee charged by the aggregation platforms. When consumers placed maintenance service orders to the Group through the applications owned by Tianjin Haodaojia and 58 Tongcheng, the payments were first collected by the aggregation platform on behalf of the Group. The amounts due from Tianjin Haodaojia aggregation platform and 58 Tongcheng aggregation platform are normally transferred to the Group's account within 30 days.

ii. The amounts due from Chongqing Lexiangxiu represent the amount collected on behalf of the Group by Chongqing Lexiangxiu, netting off relevant service fee charged by the Chongqing Lexiangxiu. When consumers placed maintenance service orders to the Group through Chongqing Lexiangxiu, the payments were first collected by Chongqing Lexiangxiu on behalf of the Group. The amounts due from Chongqing Lexiangxiu are normally settled within 60 days.

iii. The maximum amounts outstanding during the years ended December 31, 2021, 2022 and 2023 from Zhuojintoo, Zhuojinniao, Zhuojinke and Zhuojinren were RMB42,000/RMB43,000/RMB24,000, RMB3,000/RMB3,000/RMB104,000, RMB2,000/RMB2,000/RMB312,000, RMB1,000/RMB1,000/RMB1,161,000, respectively.

Amounts due from related parties with non-trade nature as at December 31, 2021, 2022 and 2023 were unsecured, interest free and repayable on demand. Those amounts were fully settled in January 2024.

Amounts due to related parties:

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade nature:				
Trade payables to China Dotman	–	–	1	–
	–	–	1	–
Non-trade nature *(Note):*				
Consideration payable to Mr. Wang Guowei related to a merge under common control	6	6	–	–
Consideration payable to Ms. Wang Yuhua related to a merge under common control	4	4	–	–
	10	10	–	–
Total	**10**	**10**	**1**	**–**

Note: Amounts due to related parties with non-trade nature as at December 31, 2021 and 2022 were unsecured, interest free and repayable on demand. Those amounts were fully settled in December 2023.

(D) Amounts due from shareholders

The Group and the Company

	As at December 31,			As at June 30,
	2021	2022	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Consideration receivable from WANGW Holding Limited related to the issue of shares of the Company	–	–	10	–
Consideration receivable from WANGYH Holding Limited related to the issue of shares of the Company	–	–	7	–
Consideration receivable from ZHUHK Holding Limited related to the issue of shares of the Company	–	–	*	–
Total	**–**	**–**	**17**	**–**

* Less than RMB1,000

Note: Amounts due from shareholders with non-trade nature as at December 31, 2023 were unsecured, interest free and repayable on demand. Those amounts were fully settled in May 2024.

(E) Remuneration of key management personnel of the Group

	For the year ended December 31,			For the six months ended June 30,	
	2021	2022	2023	2023	2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries and allowances	2,614	2,857	2,933	1,771	1,758
Performance-based bonuses	2,350	3,425	9,468	5,760	4,072
Share-based payment expense	–	–	282	–	177
Retirement benefit scheme contributions	35	46	47	32	33
Total	**4,999**	**6,328**	**12,730**	**7,563**	**6,040**

43. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company are set out below:

Name of subsidiaries	Place of incorporation/ establishment and principal place of business	Issued and fully paid capital/ registered capital	Proportion ownership interest and voting power held by the Company as at December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	As at the date of this report	Principal activities
			%	%	%	%	%	
Woodpecker Maintenance Holding Limited *(Note i)*	The BVI	USD[1]/ USD50,000	N/A	N/A	100	100	[100]	Investment holding company
Woodpecker Household Maintenance (Hong Kong) Limited	Hong Kong	HKD1/ HKD1	N/A	N/A	100	100	[100]	Investment holding company
北京啄管家科技有限公司	The PRC	RMB410,000,000/ RMB410,000,000	N/A	N/A	100	100	[100]	Investment holding company
Chongqing Woodpecker *(Note iii)*	The PRC	RMB24,089,358/ RMB24,089,358	100	100	100	100	[100]	Technology service
成都卓傑信息技術有限公司	The PRC	RMB[300,000]/ RMB1,000,000	100	100	100	100	[100]	Technology service
成都市意民啄木鳥電器維修服務有限公司	The PRC	RMB[90,000]/ RMB200,000	100	100	100	100	[100]	Home appliance repair services
重慶修一修商務信息諮詢有限公司	The PRC	RMB500,000/ RMB500,000	100	100	100	100	[100]	Technology service
重慶啄悅家建築工程有限公司 (formerly known as 重慶川南環保科技有限公司)	The PRC	RMB[400,000]/ RMB40,000,000	100	100	100	100	[100]	Engineering services
重慶言而有信網絡科技有限公司	The PRC	[Nil]/ RMB10,000,000	100	100	100	100	[100]	Technology service
重慶壹步信息技術有限公司	The PRC	[Nil]/ RMB1,000,000	100	100	100	100	[100]	Technology service
重慶笨鳥供應鏈管理有限公司	The PRC	RMB10,000,000/ RMB10,000,000	100	100	100	100	[100]	Logistics and wholesale trade
重慶百家家維電器有限公司	The PRC	[Nil]/ RMB100,000	100	100	100	100	[100]	Home appliance repair services
北京啄木鳥電器維修服務有限公司	The PRC	[Nil]/ RMB1,000,000	100	100	100	100	[100]	Home appliance repair services

Name of subsidiaries	Place of incorporation/ establishment and principal place of business	Issued and fully paid capital/ registered capital	Proportion ownership interest and voting power held by the Company as at December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024	As at the date of this report	Principal activities
			%	%	%	%	%	
北京家電衛士信息技術服務有限公司	The PRC	RMB1,000,000/ RMB1,000,000	100	100	100	100	[100]	Technology service
上海水英電器維修有限公司	The PRC	[Nil]/ RMB200,000	100	100	100	100	[100]	Home appliance repair services
上海匯浦信息技術有限公司	The PRC	RMB[700,000]/ RMB1,000,000	100	100	100	100	[100]	Technology service
啄木鳥(重慶)機電工程有限公司	The PRC	RMB[1,000,000]/ RMB50,000,000	100	100	100	100	[100]	Engineering services

Notes:

(i) The subsidiary is directly held by the Company. All other subsidiaries are indirectly held by the Company.

(ii) None of the subsidiaries had issued any debt securities at the end of each reporting period during the Track Record Period.

(iii) The consolidated financial statements of Chongqing Woodpecker for each of the years ended December 31, 2021 and 2022 were prepared in accordance with Accounting Standards for Business Enterprises and were audited by ShineWing certified public accountants Chongqing branch* (信永中和會計師事務所(特殊普通合夥)重慶分所), certified public accountants registered in the PRC. No consolidated financial statements of Chongqing Woodpecker have been audited for the year ended December 31, 2023 as there is no statutory audit requirement.

In addition, no audited financial statements have been prepared for all the other subsidiaries of the Company since their respective dates of incorporation as they are incorporated in the jurisdiction where there are no statutory audit requirements or the first set of statutory financial statements were not yet due to issue.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

44. EVENTS AFTER THE REPORTING PERIOD

Significant event and transaction took place subsequent to June 30, 2024 is detailed as below:

- [To enlarge the Company's share number, on [●], 2024, the shareholders of the Company resolved to, among other things, conduct the [**REDACTED**] pursuant to which each share in then issued and unissued share capital with a par value of USD[0.0001] was split into [**REDACTED**] shares of the corresponding class with a par value of USD[**REDACTED**] each effective upon the conditions of the [**REDACTED**] being fulfilled. Further details are set out in the "HISTORY, REORGANIZATION AND CORPORATE STRUCTURE" section of the document.]

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to June 30, 2024.

* *English name is for identification purpose only.*

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

The following is the text of a letter and the valuation certificate prepared for the purpose of incorporation in this document received from BonVision International Appraisals Limited, an independent valuer, in connection with its valuation as at [30 June 2024] of the property interest held by Woodpecker International Inc. Terms defined in this appendix apply to this appendix only.

BonVision
宏展国际

BonVision International Appraisals Limited
Room 1205-06, 12/F, Tai Yau Building,
181 Johnston Road, Wan Chai, Hong Kong
Phone: (852) 2916 2188
Email: info@bonvision.com

[●] 2024

The Board of Directors
Woodpecker International INC
3-212 Governors Square,
23 Lime Tree Bay Avenue, P.O. Box 30746,
Seven Mile Beach, Grand Cayman KY1-1203,
Cayman Islands

Dear Sirs/Madams,

Re: Valuation of the property interest of a parcel of land pending for development located at "Plot A29-2, A Standard Sub-division, Lijia Block, Liangjiang New Area, Chongqing City, the People's Republic of China" (一塊位於「中華人民共和國重慶市兩江新區禮嘉組團A標準分區A29-2地塊」之待發展土地) (hereinafter referred to as the "Property")

INSTRUCTION, PURPOSE AND VALUATION DATE

In accordance with the instructions from Woodpecker International INC (the "**Company**", together with its subsidiaries hereinafter collectively referred to as the "**Group**") for BonVision International Appraisals Limited ("**BVIA**", "**We**" or "**Us**") to assess the market value of the captioned property situated in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at [30 June 2024] (the "**Valuation Date**") for the purpose of incorporation in the [**REDACTED**] document of the Company dated [●].

VALUATION STANDARDS

This valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors ("**HKIS**") and the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors ("**RICS**") which incorporates the International Valuation Standards published by the International Valuation Standards Council ("**IVSC**"). For the purpose of this valuation, we have also complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited published by the Stock Exchange of Hong Kong Limited.

VALUATION BASIS

This valuation has been carried out on the basis of market value which defined by IVSC and adopted by HKIS and RICS as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

We have valued the Property, which is a parcel of vacant land held by the Group for future development, by the Market Approach, also known as Direct Comparison Approach, by making reference to relevant market evidence. The Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property when relevant market evidence is available. Recent market transaction evidence of properties with similar characteristics to the Property was collected and analyzed on the basis of unit rate of accommodation value. Adjustments were made to reflect the differences in the features between the comparable properties and the Property under valuation on various factors to achieve a fair comparison.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumptions that the owner sells the Property in the open market as at the Valuation Date in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the market value of the Property. No account has been taken of any option or right of pre-emption concerning or affecting the sale of the Property. No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, we have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect the market value and the owner has absolute title to the Property. Unless otherwise stated, the Property is valued on the basis of 100% attributable interest. It is assumed that the owner of the Property has free and uninterrupted rights to occupy and use the Property during the whole of the remaining land lease term.

INFORMATION SOURCE

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us by the Company on matters such as identification of the Property, occupation particulars, floor and site areas, planning approvals or statutory notices, easements, tenure, development plan, existing status and all other relevant matters which could affect the market value of the Property. All documents have been used for reference only. We have no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view of valuation and have no reason to suspect that any material information has been withheld. If in any circumstance that additional documents, information or facts became available, we reserve the right to amend our valuation opinions and the content of this report.

Whenever the information contained in this valuation report is quoted or extracted from documents supplied to us which are originally produced in the language of Chinese and translated into English for disclosure purpose, in case of any inconsistency in relation to such matters, the original version shall prevail.

TITLE INVESTIGATION

For the Property situated in the PRC, we have been provided with copies of extracts of title documents in relation to the Property. Under the current land registration system of the PRC, we are not able to conduct title search to verify the original of such documents have been registered with the relevant official authorities, and we have not scrutinized the original documents to verify any amendment which may not appear on the copies available to us. Thus, we have relied on the advice and information regarding the property title status provided by the Company and the Company's PRC legal adviser, Shihui Partners, in the course of our valuation. All legal documents disclosed in this valuation report are for reference only. We assume no liability for any existing or potential legal matters in relation to the title of the Property.

INSPECTION AND INVESTIGATIONS

We performed a site inspection on 22 January 2024 by Mr. Johnson Han, who possesses over three years of valuation experience in the PRC. We have been advised by the Company and assumed that the condition of the Property has no material difference between the inspection date and the Valuation Date.

We have inspected the Property where accessible. During the course of our inspection, we have not carried out on-site measurements to verify the land areas of the Property, but we have assumed the information shown on the documents handed to us is correct and this valuation has relied on such information. Except as otherwise stated, all dimensions, measurements and areas reported in this valuation report are based on information contained in the documents provided to us and are therefore approximations.

We have not carried out any land investigation or environmental surveys, but during our inspection we did not notice and have not been advised of any evidence of environmental concerns such as existing or potential contamination or any form of hazard, and we assumed none of such exists.

CURRENCY

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi ("**RMB"**), the lawful currency of the PRC.

REMARKS AND LIMITING CONDITIONS

We confirm that we are independent of and unconnected with any directors, chief executive, substantial shareholders of the Group or their respective associates; we have no interests in any of the subject properties or assets being valued; and we do not aware of any instances which might give rise to any potential conflict of interest and affect our position to provide unbiased and objective valuation opinions.

We confirm that the personnel who signed off and provided assist to this valuation report has sufficient skills, knowledge, experience and qualifications in the relevant market and nature of the Property being valued, and competent to undertake this valuation assignment.

We hereby state that this valuation report is for the use only of the party to whom it is addressed and for the abovementioned specified purpose. No responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole or any part of this report may be included in any published documents or statement nor published in any way without our prior written consent of the form and context in which it may appear. We or our personnel shall not be required to give testimony or attendance in court or to any government agency by reason of this report, and we accept no responsibility whatsoever to any other person or party.

This report has been produced and signed off in the language of English only. If this report has been translated into other languages, the translated report should only be deemed for reference only. In case of any inconsistency, the English version shall prevail. The English translation of any Chinese names or words contained in this valuation report are for identification purpose only and should not be regarded as the official English translation.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
BonVision International Appraisals Limited

Alex Ma
MHKIS MRICS RPS (GP) RICS Registered Valuer
Director of Property Valuation & Advisory

Note: Mr. Ma is a Member of Hong Kong Institute of Surveyors, a Member and Registered Valuer of the Royal Institution of Chartered Surveyors, and a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417). He has over 10 years' property valuation experience in Hong Kong and the PRC.

Property held by the Group for future development.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2024
A parcel of land pending for development located at Plot A29-2, Standard Sub-division A, Lijia Block, Liangjiang New Area, Chongqing City, the PRC 一塊位於中華人民共和國重慶市兩江新區禮嘉組團A標準分區A29-2地塊之待發展土地	The Property comprises a parcel of vacant leasehold land situated in Liangjiang New Area of Chongqing City, bounded by roads including Guangfeng Road (East), Lijing Road (South), Lici Road (West) and Liming Road (North). The Property is generally trapezoid in shape with a site area of 55,815 square meters ("**sq.m.**") and the maximum plot-ratio accountable gross floor area ("**GFA**") permitted to develop is 111,630 sq.m.. According to information provided by the Company, the Property is proposed to be developed into a multi-purpose development comprising software development center, digital and intelligent system operations center, research and development center, innovation incubation center, training and development facilities, and public service amenities. The expected completion date is December 2026. The land use right has been granted to the Group for a term of 40 years until 22 November 2063 for commercial use.	As at the Valuation Date, the Property is vacant and held by the Group for future development. As advised by the Company, upon completion, the Property is proposed to be held for owner-occupation and investment purposes.	RMB245,600,000 (RENMINBI TWO HUNDRED FORTY-FIVE MILLION SIX HUNDRED THOUSAND

Notes:

1. Pursuant to the Contract of the Grant of the State-Owned Construction Land Use Right (國有建設用地使用權出讓合同) number Yu De (2023) He Zi (Liang Jiang) No. 33 (渝地(2023)合字(兩江)第33號) entered between the Planning and Natural Resources Bureau of Chongqing City (重慶市規劃和自然資源局) and Chongqing Woodpecker Network Technology Co., Ltd. (重慶啄木鳥網路科技有限公司) dated 24 October 2023, the land use right of the Property has been granted to the Group. Saliant terms contained in the contract are summarized as below:

Transferor	:	Planning and Natural Resources Bureau of Chongqing City
Transferee	:	Chongqing Woodpecker Network Technology Co., Ltd.
Location	:	Plot A29-2, Standard Sub-division A, Lijia Block, Liangjiang New Area 兩江新區禮嘉組團A標準分區A29-2地塊
Site Area	:	55,815 sq.m.
Permitted Use	:	Commercial and commercial services
Consideration	:	RMB237,670,000
Maximum GFA	:	111,630 sq.m. (plot-ratio accountable)
Greening Rate	:	>10%
Tenure	:	40 years for commercial use; 40 years for commercial services use

2. Pursuant to the Real Estate Title Certificate (不動產權證書), Yu (2023) Liang Jiang Xin Qu Bu Dong Chan Quan No. 001315898 (渝(2023)兩江新區不動產權第001315898號), issued by the Planning and Natural Resources Bureau of Liangjiang New Area, Chongqing City (重慶市兩江新區規劃和自然資源局) dated 22 December 2023, the land use right of the Property is vested in Chongqing Woodpecker Network Technology Co., Ltd.. As stated on the document, the site area is 55,815 sq.m.; the permitted use is commercial; and the land use right expiry date is 22 November 2063.

3. Pursuant to a Construction Site Planning Permit, De Zi No. 500141202400038 (地字第500141202400038號), issued by the the Planning and Natural Resources Bureau of Liangjiang New Area, Chongqing City dated 7 June 2024, the maximum plot ratio accountable GFA of the proposed construction project with site area of 55,815 sq.m. is 111,630.00 sq.m..

4. Chongqing Woodpecker Network Technology Co., Ltd. is a wholly owned subsidiary of the Company.

5. The vicinity of the Property is predominated by various commercial developments, high-rise residential developments and recreational destinations. It is accessible by various franchised bus routes; the nearest Chongqing Rail Transit station is about 10 minutes walking distance away; and will be accessible via the under-construction Chongqing Rail Transit Line 15 which a proposed entrance will be opened adjacent to the Property. The driving distance to the Chongqing CBD area and the Chongqing Jiangbei International Airport are about 30 minutes.

6. As advised by the Company, the detailed development plan and development cost budgets are not available as at the Valuation Date. The preliminary development cost incurred up to the Valuation Date is about RMB10,700,000.

7. We have been provided with legal opinions regarding the title of the Property prepared by the Company's PRC legal adviser, Shihui Partners, which contains, *inter alia*, the following material statement:

   i. Chongqing Woodpecker Network Technology Co., Ltd. is legally in possession of the land use right of the Property held under the Real Estate Title Certificate detailed in note no. 2.

Set out below is a summary of certain provisions of the constitution of the Company and certain aspects of the company laws of the Cayman Islands.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 11 September 2023 under the Companies Act. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

The Memorandum provides, *inter alia*, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted (and therefore include acting as an investment holding company) and that the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] and will become effective on the [**REDACTED**]. A summary of certain provisions of the Articles is set out below.

2.1 Shares

(a) Classes of Shares

The share capital of the Company consists of a single class of ordinary shares.

(b) Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of Shares, all or any of the rights attached to any class of Shares for the time being issued (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of at least three-fourths of the issued Shares of that class, or with the approval of a resolution passed by at least three-fourths of the votes cast by the holders of the Shares of that class present and voting in person or by proxy at a separate meeting of such holders. The provisions of the Articles relating to general meetings shall apply *mutatis mutandis* to every such separate meeting, except that the necessary quorum shall be two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative), or representing by proxy, at least one-third of the issued Shares of that class. Every holder of Shares of the class shall be entitled on a poll to one vote for every such Share held by him, and any holder of Shares of the class present in person or by proxy may demand a poll.

For the purposes of a separate class meeting, the Board may treat two or more classes of Shares as forming one class of Shares if the Board considers that such classes of Shares would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate classes of Shares.

Any rights conferred upon the holders of Shares of any class shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

(c) Alteration of Capital

The Company may by ordinary resolution:

(i) increase its share capital by the creation of new Shares of such amount and with such rights, priorities and privileges attached to such Shares as it may determine;

(ii) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares. On any consolidation of fully paid Shares and division into Shares of a larger amount, the Board may settle any difficulty which may arise as it thinks expedient and, in particular (but without prejudice to the generality of the foregoing), may as between the holders of Shares to be consolidated determine which particular Shares are to be consolidated into a consolidated Share, and if it shall happen that any person shall become entitled to fractions of a consolidated Share or Shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the Shares so sold to the purchaser(s) thereof and the validity of such transfer shall not be questioned, and the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated Share or Shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(iii) sub-divide its Shares or any of them into Shares of an amount smaller than that fixed by the Memorandum; and

(iv) cancel any Shares which, as at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Company may by special resolution reduce its share capital or any undistributable reserve, subject to the provisions of the Companies Act.

(d) Transfer of Shares

Subject to the terms of the Articles, any member of the Company may transfer all or any of his Shares by an instrument of transfer. If the Shares in question were issued in conjunction with rights, options, warrants or units issued pursuant to the Articles on terms that one cannot be transferred without the other, the Board shall refuse to register the transfer of any such Share without evidence satisfactory to it of the like transfer of such right, option, warrant or unit.

Subject to the Articles and the requirements of the Stock Exchange, all transfers of Shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a recognised clearing house or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register of members of the Company in respect of that Share.

Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The Board may, in its absolute discretion, at any time transfer any Share on the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

The Board may, in its absolute discretion, decline to register a transfer of any Share (not being a fully paid Share) to a person of whom it does not approve or on which the Company has a lien, or a transfer of any Share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any Share to more than four joint holders. It may also decline to recognise any instrument of transfer if the proposed transfer does not comply with the Articles or any requirements of the Listing Rules.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of Share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules and the relevant section of the Companies Ordinance, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine (or such longer period as the members of the Company may by ordinary resolution determine, provided that such period shall not be extended beyond 60 days in any year).

Fully paid Shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(e) Redemption of Shares

Subject to the provisions of the Companies Act, the Listing Rules and any rights conferred on the holders of any Shares or attaching to any class of Shares, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the members or the Company. The redemption of such Shares shall be effected in such manner and upon such other terms as the Company may by special resolution determine before the issue of such Shares.

(f) Power of the Company to Purchase its own Shares

Subject to the Companies Act, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which includes redeemable Shares), provided that the manner and terms of purchase have first been authorised by ordinary resolution and that any such purchase shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.

(g) Power of any Subsidiary of the Company to own Shares in the Company

There are no provisions in the Articles relating to the ownership of Shares in the Company by a subsidiary.

(h) Calls on Shares and Forfeiture of Shares

Subject to the terms of allotment and issue of any Shares (if any), the Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the Shares held by them (whether in respect of par value or share premium). A member who is the subject of the call shall (subject to receiving at least 14 clear days' notice specifying the time or times for payment) pay to the Company at the time or times so specified the amount called on his Shares. A call may be made payable either in one sum or by instalments, and shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed. The joint holders of a Share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such Share.

If a call remains unpaid after it has become due and payable, the member from whom the sum is due shall pay interest on the unpaid amount at such rate as the Board shall determine (together with any expenses incurred by the Company as a result of such non-payment) from the day it became due and payable until it is paid, but the Board may waive payment of such interest or expenses in whole or in part.

If a member fails to pay any call or instalment of a call after it has become due and payable, the Board may, for so long as any part of the call or instalment remains unpaid, give to such member not less than 14 clear days' notice requiring payment of the unpaid amount together with any interest which may have accrued and which may still accrue up to the date of payment (together with any expenses incurred by the Company as a result of such non-payment). The notice shall specify a further day on or before which the payment required by the notice is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the Shares in respect of which the call was made will be liable to be forfeited.

If such notice is not complied with, any Share in respect of which the notice was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Board. Such forfeiture shall include all dividends, other distributions and other monies payable in respect of the forfeited Share and not paid before the forfeiture.

A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, shall surrender to the Company for cancellation the certificate(s) for the Shares forfeited and shall remain liable to pay to the Company all monies which, as at the date of forfeiture, were payable by him to the Company in respect of the Shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of payment as the Board may determine and any expenses incurred by the Company as a result of such non-payment.

2.2 Directors

(a) Appointment, Retirement and Removal

The Company may by ordinary resolution of the members elect any person to be a Director. The Board may also appoint any person to be a Director at any time, either to fill a casual vacancy or as an additional Director subject to any maximum number fixed by the members in general meeting or the Articles. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The members may by ordinary resolution remove any Director (including a managing or executive Director) before the expiration of his term of office, notwithstanding anything in the Articles or any agreement between the Company and such Director, and may by ordinary resolution elect another person in his stead. Nothing shall be taken as depriving a Director so removed of any compensation or damages payable to such Director in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director.

The office of a Director shall be vacated if:

(i) the Director gives notice in writing to the Company that he resigns from his office as Director;

(ii) the Director is absent, without being represented by proxy or an alternate Director appointed by him, for a continuous period of 12 months without special leave of absence from the Board, and the Board passes a resolution that he has by reason of such absence vacated his office;

(iii) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(iv) the Director dies or an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(v) the Director is prohibited from being or ceases to be a Director by operation of law;

(vi) the Director has been required by the Stock Exchange to cease to be a Director or no longer qualifies to be a Director pursuant to the Listing Rules; or

(vii) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

At each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not less than one-third shall be the number of retiring Directors, provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire at each annual general meeting shall be those who have been in office longest since their last re-election or appointment and, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(b) Power to Allot and Issue Shares and other Securities

Subject to the provisions of the Companies Act, the Memorandum and Articles and, where applicable, the Listing Rules, and without prejudice to any rights or restrictions for the time being attached to any Shares, the Board may allot, issue, grant options over or otherwise dispose of Shares with or without preferred, deferred or other rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise, to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, provided that no Shares shall be issued at a discount to their par value.

The Company may issue rights, options, warrants or convertible securities or securities of a similar nature conferring the right upon the holders thereof to subscribe for, purchase or receive any class of Shares or other securities in the Company on such terms as the Board may from time to time determine.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of Shares, to make, or make available, any such allotment, offer, option or Shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(c) Power to Dispose of the Assets of the Company or any of its Subsidiaries

Subject to the provisions of the Companies Act, the Memorandum and Articles and any directions given by special resolution of the Company, the Board may exercise all powers and do all acts and things which may be exercised or done by the Company to dispose of the assets of the Company or any of its subsidiaries. No alteration to the Memorandum or Articles and no direction given by special resolution of the Company shall invalidate any prior act of the Board which would have been valid if such alteration or direction had not been made or given.

(d) Borrowing Powers

The Board may exercise all the powers of the Company to raise or borrow money, secure the payment of any sum or sums of money for the purposes of the Company, mortgage or charge all or any part of its undertaking, property and uncalled capital of the Company, and, subject to the Companies Act, issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(e) Remuneration

A Director shall be entitled to receive such sums as shall from time to time be determined by the Board or the Company in general meetings. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in connection with attendance at meetings of the Board or committees of the Board, or general meetings of the Company or separate meetings of the holders of any class of Shares or debentures of the Company, or otherwise in connection with the business of the Company and the discharge of their duties as Directors, and/or to receive fixed allowances in respect thereof as may be determined by the Board.

The Board or the Company in general meetings may also approve additional remuneration to any Director for any services which in the opinion of the Board or the Company in general meetings go beyond such Director's ordinary routine work as a Director.

(f) Compensation or Payments for Loss of Office

There are no provisions in the Articles relating to compensation or payment for loss of office.

(g) Loans to Directors

There are no provisions in the Articles relating to making of loans to Directors.

(h) Disclosure of Interest in Contracts with the Company or any of its Subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company.

No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, nor shall any such contract or any other contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director is in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by or arising in connection with any such contract or transaction by reason of such Director or alternate Director holding such office or of the fiduciary relationship established by it, provided that the nature of interest of any Director or alternate Director in any such contract or transaction shall be disclosed by such Director or alternate Director at or prior to the consideration and vote thereon.

A Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or other proposal in which he or any of his close associate(s) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution. This prohibition shall not apply to any of the following matters:

(i) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of Shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the [**REDACTED**] or sub-[**REDACTED**] of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of (A) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit or (B) any pension fund or retirement, death or disability benefits scheme which relates to the Director, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of Shares, debentures or other securities of the Company by virtue only of his/their interest in those Shares, debentures or other securities.

2.3 Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Unless otherwise determined, two Directors shall be a quorum. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.4 Alterations to the Constitutional Documents and the Company's Name

The Memorandum and Articles may only be altered or amended, and the name of the Company may only be changed, by special resolution of the Company.

2.5 Meetings of Members

(a) Special and Ordinary resolutions

A special resolution must be passed by a majority of not less than two-thirds (other than in relation to any resolution approving changes to the Company's constitutional documents or a voluntary winding up of the Company, in which case a special resolution must be passed by a majority of not less than three-fourths) of the voting rights held by such members as, being entitled so to do, vote in person or by proxy or, in the case of any members which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given. A special resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

An ordinary resolution, in contrast, is a resolution passed by a simple majority of the voting rights held by such members as, being entitled to do so, vote in person or by proxy or, in the case of any member which is a corporation, by its duly authorised representative(s) or by proxy, at a general meeting. An ordinary resolution may also be approved in writing by all the members entitled to vote at a general meeting in one or more instruments each signed by one or more of such members.

The provisions of special resolutions and ordinary resolutions shall apply *mutatis mutandis* to any resolutions passed by the holders of any class of shares.

(b) Voting Rights and Right to Demand a Poll

Subject to any rights, restrictions or privileges as to voting for the time being attached to any class or classes of Shares, at any general meeting: (a) on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for every Share and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote.

In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other join holders, and seniority shall be determined by the order in which the names of the holders stand in the register of members of the Company.

No person shall be counted in a quorum or be entitled to vote at any general meeting unless he is registered as a member on the record date for such meeting, nor unless all calls or other monies then payable by him in respect of the relevant Shares have been paid.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Any corporation or other non-natural person which is a member of the Company may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of members, and the person so authorised shall be entitled to exercise the same powers as the corporation or other non-natural person could exercise as if it were a natural person member of the Company.

If a recognised clearing house or its nominee(s) is a member of the Company, it may appoint proxies or authorise such person or persons as it thinks fit to act as its representative(s), who enjoy rights equivalent to the rights of other members, at any meeting of the Company (including but not limited to general meetings and creditors meetings) or at any meeting of any class of members of the Company, provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house or its nominee(s) as if such person were a natural person member of the Company, including the right to speak and vote individually on a show of hands or on a poll.

All members of the Company (including a member which is a recognised clearing house (or its nominee(s))) shall have the right to (i) speak at a general meeting and (ii) and vote at a general meeting except where a member is required by the Listing Rules to abstain from voting to approve the matter under consideration. Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(c) Annual General Meetings and Extraordinary General Meetings

The Company must hold a general meeting as its annual general meeting in each financial year. Such meeting shall be specified as such in the notices calling it, and must be held within six months after the end of the Company's financial year. A meeting of the members or any class thereof may be held by telephone, tele-conferencing or other electronic means, provided that all participants are able to communicate contemporaneously with one another, and participation in a meeting in such manner shall constitute presence at such meetings.

The Board may convene an extraordinary general meeting whenever it thinks fit. In addition, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per Share basis) in the share capital of the Company may make a requisition to convene an extraordinary general meeting and/or add resolutions to the agenda of a meeting. Such requisition, which must state the objects and the resolutions to be added to the agenda of the meeting and must be signed by the requisitionists, shall be deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal place of business, the registered office of the Company. If the Board does not within 21 days from the date of deposit of such requisition duly proceed to convene a general meeting to be held within the following 21 days, the requisitionists or any of them representing more than one-half of the total voting rights of all the requisitionists may themselves convene a general meeting, but any such meeting so convened shall be held no later than the day falling three months after the expiration of the said 21-day period. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Board, and all reasonable expenses incurred by the requisitionists shall be reimbursed to the requisitionists by the Company.

(d) Notices of Meetings and Business to be Conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the date, time, place and agenda of the meeting, the particulars of the resolution(s) to be considered at the meeting and the general nature of the business to be considered at the meeting.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address, (to the extent permitted by the Listing Rules and all applicable laws and regulations) by electronic means or (in the case of a notice) by advertisement published in the manner prescribed under the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than as specified above, if permitted by the Listing Rules, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of an extraordinary general meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights held by such members.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board in its absolute discretion consider that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place.

The Board also has the power to provide in every notice calling a general meeting that in the event of a gale warning, a black rainstorm warning or extreme conditions is/are in force at any time on the day of the general meeting (unless such warning is cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date.

Where a general meeting is postponed:

(A) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's website and published on the Stock Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting due to a gale warning, a black rainstorm warning or extreme conditions being in force on the day of the general meeting;

(B) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting. Such notice shall specify the date, time and place at which the postponed meeting will be reconvened and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

(C) only the business set out in the notice of the original meeting shall be considered at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be considered at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be considered at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with the Articles.

(e) Quorum for Meetings and Separate Class Meetings

No business shall be considered at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to approve the variation of class rights, the necessary quorum shall be two persons holding or representing by proxy not less than one-third of the issued Shares of that class.

(f) Proxies

Any member of the Company (including a member which is a recognised clearing house (or its nominee(s))) entitled to attend and vote at a meeting of the Company is entitled to appoint another person (being a natural person) as his proxy to attend and vote in his place. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is a natural person and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were a natural person member present in person at any general meeting. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing and executed under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation or other non-natural person, either under its seal or under the hand of a duly authorised representative.

The Board shall, in the notice convening any meeting or adjourned meeting, or in an instrument of proxy sent out by the Company, specify the manner by which the instrument appointing a proxy shall be deposited and the place and time (being no later than the time appointed for the commencement of the meeting or adjourned meeting to which the instrument of proxy relates) at which such instrument shall be deposited.

Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Board may from time to time approve. Any form issued to a member for appointing a proxy to attend and vote at a general meeting at which any business is to be considered shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise the discretion of the proxy in respect of) each resolution dealing with any such business.

2.6 Accounts and Audit

The Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions in accordance with the Companies Act.

The books of accounts of the Company shall be kept at the principal place of business of the Company in Hong Kong or, subject to the provisions of the Companies Act, at such other place or places as the Board thinks fit and shall always be open to inspection by any Director. No member (not being a Director) or other person shall have any right to inspect any account, book or document of the Company except as conferred by the Companies Act or ordered by a court of competent jurisdiction or as authorised by the Board or the Company in general meeting.

The Board shall cause to be prepared and laid before the Company at every annual general meeting a profit and loss account for the period since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up, a Directors' report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditors' report on such accounts and such other reports and accounts as may be required by law and the Listing Rules.

The members shall at each annual general meeting appoint auditor(s) to hold office by ordinary resolution of the members until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the members at the annual general meeting at which they are appointed by ordinary resolution of the members or in any other manner as specified in such ordinary resolution. The members may, at any general meeting convened and held in accordance with the Articles, remove the auditors by ordinary resolution at any time before the expiration of the term of office and shall, by ordinary resolution, at that meeting appoint new auditors in their place for the remainder of the term.

The accounts of the Company shall be prepared and audited based on the generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

2.7 Dividends and other Methods of Distribution

Subject to the Companies Act and the Articles, the Company may by ordinary resolution resolve to declare dividends and other distributions on Shares in issue in any currency and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, provided that (i) no dividends shall exceed the amount recommended by the Board, and (ii) no dividends or distributions shall be paid except out of the realised or unrealised profits of the Company, out of the share premium account or as otherwise permitted by law.

The Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the financial conditions and the profits of the Company. In addition, the Board may from time to time declare and pay special dividends on Shares of such amounts and on such dates as it thinks fit.

Except as otherwise provided by the rights attached to any Shares, all dividends and other distributions shall be paid according to the amounts paid up on the Shares that a member holds during the period in respect of which the dividends and distributions are paid. No amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share.

The Board may deduct from any dividends or other distributions payable to any member of the Company all sums of money (if any) then payable by him to the Company on account of calls or otherwise. The Board may retain any dividends or distributions payable on or in respect of a Share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No dividends or other distributions payable by the Company on or in respect of any Share shall carry interest against the Company.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may further resolve:

(a) that such dividend be satisfied in whole or in part in the form of an allotment of Shares credited as fully paid on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(b) that the members entitled to such dividend will be entitled to elect to receive an allotment of Shares credited as fully paid in lieu of the whole or such part of the dividend as the Board may think fit on the basis that the Shares so allotted shall be of the same class as the class already held by the allottee.

Upon the recommendation of the Board, the Company may by ordinary resolution resolve in respect of any one particular dividend of the Company determine that notwithstanding the foregoing, a dividend may be satisfied wholly in the form of an allotment of Shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividends, distributions or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder of such Shares or by cheque or warrant sent by post to the registered address of such holder, or in the case of joint holders, to the registered address of the holder who is first named on the register of members of the Company, or to such person and to such address as the holder or joint holders may in writing direct. Any one of two or more joint holders may give effectual receipts for any dividends, distributions or other monies payable in respect of the Shares held by them as joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied in whole or in part by the distribution of specific assets of any kind.

Any dividends or other distributions which remain unclaimed for six years from the date on which such dividends or distributions become payable shall be forfeited and shall revert to the Company.

2.8 Inspection of Corporate Records

For so long as any part of the share capital of the Company is [**REDACTED**] on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed in accordance with the Companies Ordinance) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.

2.9 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under the Cayman Islands laws, as summarised in paragraph 3.6 below.

2.10 Procedures on Liquidation

Subject to the Companies Act, the members of the Company may by special resolution resolve to wind up the Company voluntarily or by the court.

Subject to any rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares:

(a) if the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the Company's paid up capital at the commencement of the winding up, the surplus shall be distributed *pari passu* among such members in proportion to the amount paid up on the Shares held by them at the commencement of the winding up; and

(b) if the assets available for distribution among the members of the Company are insufficient to repay the whole of the Company's paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or ought to be paid up, on the Shares held by them at the commencement of the winding up.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the approval of a special resolution and any other approval required by the Companies Act, divide among the members in kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like approval, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator thinks fit, provided that no member shall be compelled to accept any shares or other property upon which there is a liability.

3. COMPANY LAWS OF THE CAYMAN ISLANDS

The Company was incorporated in the Cayman Islands as an exempted company on 11 September 2023 subject to the Companies Act. Certain provisions of the company laws of the Cayman Islands are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the company laws of the Cayman Islands, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

3.1 Company Operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

3.2 Share Capital

Under the Companies Act, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called the share premium account. At the option of a company, these provisions may not apply to premium on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) any manner provided in section 37 of the Companies Act;

(d) writing-off the preliminary expenses of the company; and

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

3.3 Financial Assistance to Purchase Shares of a Company or its Holding Company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

3.4 Purchase of Shares and Warrants by a Company and its Subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of section 37A(1) of the Companies Act. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Act.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under the Cayman Islands laws that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

3.5 Dividends and Distributions

Subject to a solvency test, as prescribed in the Companies Act, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

3.6 Protection of Minorities and Shareholders' Suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss vs. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

3.7 Disposal of Assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

3.8 Accounting and Auditing Requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it; and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

3.9 Exchange Control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

3.10 Taxation

Pursuant to section 6 of the Tax Concessions Act (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

(a) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciations shall apply to the Company or its operations; and

(b) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

   (i) on or in respect of the shares, debentures or other obligations of the Company; or

   (ii) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Act (2018 Revision).

The undertaking for the Company is for a period of 20 years from [●].

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

3.11 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

3.12 Loans to Directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

3.13 Inspection of Corporate Records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

3.14 Register of Members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Act (2021 Revision) of the Cayman Islands.

3.15 Register of Directors and Officers

Pursuant to the Companies Act, the Company is required to maintain at its registered office a register of directors, alternate directors and officers. The Registrar of Companies shall make available the list of the names of the current directors of the Company (and, where applicable, the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. A copy of the register of directors and officers must be filed with the Registrar of Companies in the Cayman Islands, and any change must be notified to the Registrar of Companies within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

3.16 Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

3.17 Mergers and consolidations

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting members have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

3.18 Mergers and Consolidations involving a Foreign Company

Where the merger or consolidation involves a foreign company, the procedure is similar, save that with respect to the foreign company, the directors of the Cayman Islands exempted company are required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the merger or consolidation is permitted or not prohibited by the constitutional documents of the foreign company and by the laws of the jurisdiction in which the foreign company is incorporated, and that those laws and any requirements of those constitutional documents have been or will be complied with; (ii) that no petition or other similar proceeding has been filed and remains outstanding or order made or resolution adopted to wind up or liquidate the foreign company in any jurisdictions; (iii) that no receiver, trustee, administrator or other similar person has been appointed in any jurisdiction and is acting in respect of the foreign company, its affairs or its property or any part thereof; (iv) that no scheme, order, compromise or other similar arrangement has been entered into or made in any jurisdiction whereby the rights of creditors of the foreign company are and continue to be suspended or restricted.

Where the surviving company is the Cayman Islands exempted company, the directors of the Cayman Islands exempted company are further required to make a declaration to the effect that, having made due enquiry, they are of the opinion that the requirements set out below have been met: (i) that the foreign company is able to pay its debts as they fall due and that the merger or consolidated is bona fide and not intended to defraud unsecured creditors of the foreign company; (ii) that in respect of the transfer of any security interest granted by the foreign company to the surviving or consolidated company (a) consent or approval to the transfer has been obtained, released or waived; (b) the transfer is permitted by and has been approved in accordance with the constitutional documents of the foreign company; and (c) the laws of the jurisdiction of the foreign company with respect to the transfer have been or will be complied with; (iii) that the foreign company will, upon the merger or consolidation becoming effective, cease to be incorporated, registered or exist under the laws of the relevant foreign jurisdiction; and (iv) that there is no other reason why it would be against the public interest to permit the merger or consolidation.

3.19 Reconstructions and Amalgamations

Reconstructions and amalgamations may be approved by (i) 75% in value of the members or class of members or (ii) a majority in number representing 75% in value of the creditors or class of creditors, in each case depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, it can be expected that the court would approve the transaction if it is satisfied that (i) the company is not proposing to act illegally or beyond the scope of our corporate authority and the statutory provisions as to majority vote have been complied with, (ii) the members have been fairly represented at the meeting in question, (iii) the transaction is such as a businessman would reasonable approve and (iv) the transaction is not one that would more properly be sanctioned under some other provisions of the Companies Act or that would amount to a "fraud on the minority".

If the transaction is approved, no dissenting member would have any rights comparable to the appraisal rights (namely the right to receive payment in cash for the judicially determined value of his shares), which may be available to dissenting members of corporations in other jurisdictions.

3.20 Takeovers

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

3.21 Indemnification

The Cayman Islands laws do not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

3.22 Economic Substance

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Act (2021 Revision) together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. The Company is required to comply with the economic substance requirements from 1 July 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it must satisfy an economic substance test.

4. GENERAL

Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands laws, has sent to the Company a letter of advice summarising the aspects of the Companies Act set out in section 3 above. This letter, together with copies of the Companies Act, the Memorandum and the Articles, is on display on the websites of the Stock Exchange and the Company as referred to in the paragraph headed "Documents Available on Display" in Appendix VI. Any person wishing to have a detailed summary of the Companies Act or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated under the laws of the Cayman Islands on September 11, 2023 as an exempted company with limited liability. Our registered office is located at offices of ICS Corporate Services (Cayman) Limited, 3-212 Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 30746, Seven Mile Beach, Grand Cayman KY1-1203, Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide. Our Company has established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance. Ms. Au Wai Ching (區慧晶) has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong under Part 16 of the Companies Ordinance. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As we were established in the Cayman Islands, our corporate structure and Memorandum and Articles of Association are subject to relevant laws and regulations of the Cayman Islands. A summary of relevant laws and regulations of the Cayman Islands and the Memorandum and Articles of Association is set out in in the section headed "Appendix IV — Summary of the Constitution of the Company and Cayman Islands Companies Law" in this document.

2. Changes in the Share Capital of Our Company

On September 11, 2023, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and has an authorized share capital of US$50,000 divided into 500,000,000 shares with a par value of US$0.0001 each.

Save as disclosed herein and in "History, Reorganization and Corporate Structure," there has been no alteration in the share capital of our Company during the two years preceding the date of this document.

Immediately prior to the [**REDACTED**] and pursuant to the Memorandum of Association, each Preferred Share will be re-classified and re-designated into one Share.

3. Changes in the Share Capital of Members of our Group

The following sets out the changes in the share or registered capital of members of our Group within the two years immediately preceding the date of this document:

Chongqing Woodpecker

On November 16, 2023, the registered capital of Chongqing Woodpecker was increased from RMB344,134,006.02 to RMB44,603,321.84.

On January 4, 2024, the registered capital of Chongqing Woodpecker was reduced from RMB44,603,321.84 to RMB12,513,994.82.

On January 11, 2024, the registered capital of Chongqing Woodpecker was increased from RMB12,513,994.82 to RMB24,089,358.00.

Chongqing Zhuoyuejia Construction Engineering Co., Ltd. (重慶啄悦家建築工程有限公司) (formerly known as "Chongqing Chuannan Environmental Protection Technology Co., Ltd. (重慶川南環保科技有限公司)")

On July 6, 2023, the registered capital of Chongqing Zhuoyuejia Construction Engineering Co., Ltd. was increased from RMB10,000,000 to RMB40,000,000.

Changsha Chuangning Information Technology Consulting Service Co., Ltd. (長沙創寧信息技術咨詢服務有限公司)

On January 12, 2024, the registered capital of Changsha Chuangning Information Technology Consulting Service Co., Ltd. was increased from RMB1,000,000 to RMB21,000,000.

4. Resolutions Passed by the Shareholders

Resolutions of our Shareholders were passed on [●], pursuant to which, among others, conditional upon the conditions of the [**REDACTED**] (as set out in this document) being fulfilled or waived:

(a) the Memorandum and the Articles were approved and adopted effective conditional on and immediately prior to the [**REDACTED**] on the [**REDACTED**];

(b) the [**REDACTED**] and the [**REDACTED**] (including [**REDACTED**]) were approved, and our Directors were authorised to negotiate and agree the [**REDACTED**] and to allot and issue the [**REDACTED**] (including pursuant to the [**REDACTED**]);

(c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options which would or might require Shares to be allotted, issued or dealt with, otherwise than pursuant to the [**REDACTED**] or pursuant to a right issue or pursuant to the exercise of any subscription rights attaching to any warrants or any option scheme or similar arrangement which may be allotted and issued by our Company from time to time on a specific authority granted by the Shareholders in general meeting or, pursuant to the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, Shares not exceed [**REDACTED**] of the aggregate number of issued Shares immediately following completion of the [**REDACTED**], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever is the earliest;

(d) a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and the requirements of the Listing Rules and of any other stock exchange (as applicable), such number of Shares will represent up to [**REDACTED**] of the number of the Shares in issue immediately following the completion of the [**REDACTED**], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first;

(e) the general mandate as mentioned in paragraph (c) above be extended by the addition to the number of Shares which may be allotted, issued or agreed conditionally or unconditionally to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by the Company pursuant to the Repurchase Mandate referred to in paragraph (d) above; and

(f) immediately prior to the completion of the [**REDACTED**], each share in the Company's issued and unissued share capital with a par value of US$0.0001 each be subdivided into [**REDACTED**] shares of the corresponding class with a par value of US$[**REDACTED**] each, and each of the Preferred Shares be converted into Ordinary Shares at the conversion of one-to-one by way of re-designation.

5. Repurchase of Our Own Securities

The following paragraphs include, among others, certain information required by the Stock Exchange to be included in this document concerning the repurchase of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit companies with a primary [**REDACTED**] on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary [**REDACTED**] on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our Shareholders on [●], 2024, the Repurchase Mandate was given to our Directors authorizing them to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other approved stock exchange on which the securities of our Company may be [**REDACTED**] and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares will represent up to 10% of the number of the Shares in issue immediately following the completion of the [**REDACTED**], such mandate to remain in effect until the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any applicable laws, or until revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever occurs first.

(ii) Source of Funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all purchased securities (whether on the Stock Exchange or otherwise) is automatically canceled and the relevant certificates must be canceled and destroyed. Under the laws of the Cayman Islands, unless the Directors resolve to hold the Shares purchased by our Company as treasury Shares prior to the purchase, Shares purchased by our Company shall be treated as canceled and the amount of our Company's issued share capital shall be diminished by the nominal value of those Shares. However, the purchase of shares will not be taken as reducing the amount of the authorized share capital under Cayman Islands law.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Core Connected Persons

The Listing Rules prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or a close associate of any of them (as defined in the Listing Rules) and a core connected person shall not knowingly sell its securities to the company.

(b) Reasons for Repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) Funding of Repurchases

Repurchase of the Shares must be funded out of funds legally available for such purpose in accordance with the Memorandum and Articles of Association and the applicable laws of the Cayman Islands. Our Directors may not repurchase the Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any payment for the repurchases of Shares will be drawn from the profits of our Company or from a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Memorandum and Articles of Association and subject to the Cayman Companies Act, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Memorandum and Articles of Association and subject to Cayman Companies Act, out of capital.

However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or its gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(d) General

The exercise in full of the Repurchase Mandate, on the basis of [**REDACTED**] Shares in issue immediately following completion of the [**REDACTED**], could accordingly result in up to [**REDACTED**] Shares being repurchased by our Company during the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

(ii) the expiration of the period within which our Company's next annual general meeting is required by the Articles of Association or any other applicable laws to be held; or

(iii) the date when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting.

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this document and are, or may be, material:

(a) the Exclusive Option Agreement (獨家購買權協議) dated January 5, 2024 entered into among WFOE, Wang Guowei (王國偉), Wang Yuhua (王玉華), Zhu Hongkun (朱紅坤) and Chongqing Woodpecker;

(b) the Shareholders' Rights Entrustment Agreement (股東表決權委託協議) dated January 5, 2024 entered into among WFOE, Wang Guowei (王國偉), Wang Yuhua (王玉華), Zhu Hongkun (朱紅坤) and Chongqing Woodpecker;

(c) the Share Pledge Agreement (股權質押協議) dated January 5, 2024 entered into among WFOE, Wang Guowei (王國偉), Wang Yuhua (王玉華), Zhu Hongkun (朱紅坤) and Chongqing Woodpecker;

(d) the Exclusive Business Cooperation Agreement (獨家業務合作協議) dated January 5, 2024 entered into between WFOE and Chongqing Woodpecker;

(e) a spouse undertaking (配偶承諾函) dated January 5, 2024 signed by Zhang Biqun (張碧群), the spouse of Wang Guowei (王國偉);

(f) a spouse undertaking (配偶承諾函) dated January 5, 2024 signed by Li Shangze (李尚澤), the spouse of Wang Yuhua (王玉華);

(g) a spouse undertaking (配偶承諾函) dated January 5, 2024 signed by Gao Bin (高彬), the spouse of Zhu Hongkun (朱紅坤); and

(h) the [**REDACTED**].

2. Material Intellectual Property Rights

As at the Latest Practicable Date, we had registered or has applied for the registration of the following intellectual property rights which we consider to be material in relation to the business of our Group.

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to the business of our Group:

No.	Trademark	Registration number	Registered owner	Place of registration	Class	Registration date	Expiry date
1.	啄木鸟家庭维修	58106461A	Chongqing Woodpecker	PRC	37	2022-03-21	2032-03-20
2.	啄木鸟	59574538	Chongqing Woodpecker	PRC	37	2022-07-14	2032-07-13
3.	啄木鸟家庭维修	58106461	Chongqing Woodpecker	PRC	37	2023-05-07	2033-05-06
4.		306393295	Chongqing Woodpecker	Hong Kong	35, 37, 42	2023-07-11	2033-7-10

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Application Number	Applicant	Place of registration	Class	Registration date
1.	Woodpecker Household Maintenance	306359022	Chongqing Woodpecker	Hong Kong	35, 37, 42	2023-09-26
2.	Woodpecker Maintenance	306359031	Chongqing Woodpecker	Hong Kong	35, 37, 42	2023-09-26
3.	Woodpecker	306359040	Chongqing Woodpecker	Hong Kong	35, 37, 42	2023-09-26

(b) Copyrights

As of the Latest Practicable Date, our Group owned the following copyrights which we consider to be material in relation to the business of our Group:

No.	Registration number	Registered owner	Copyright name	Version/type	Place of registration	Registration date
1.	國作登字-2021-F-00160721	Chongqing Woodpecker	Woodpecker IP – Brother Bird (啄木鳥IP––鳥哥)	works of the fine arts	PRC	2021-07-16
2.	渝作登字-2021-F-10083636	Chongqing Woodpecker	Woodpecker Home Maintenance Logo (啄木鳥家庭維修Logo)	works of the fine arts	PRC	2021-12-15

No.	Registration number	Registered owner	Copyright name	Version/type	Place of registration	Registration date
3.	2016SR130613	Chongqing Woodpecker	Woodpecker order management system V1.0 (啄木鳥訂單管理系統V1.0)	computer software	PRC	2016-06-03
4.	2022S40959131	Chongqing Woodpecker	Woodpecker Intelligent Order Dispatch System V1.0 (啄木鳥智能派單系統 V1.0)	computer software	PRC	2022-07-22
5.	2021SR0348617	Chongqing Woodpecker	Woodpecker Home Maintenance APP V1.0 (啄木鳥家庭維修APP V1.0)	computer software	PRC	2021-03-05

(c) Patents

As at the Latest Practicable Date, our Group had registered the following patents which we consider to be material in relation to the business of our Group:

No.	Patent name	Registered Owner	Registration number	Expiry date
1.	Coat (woodpecker) (啄木鳥外套)	Chongqing Woodpecker	CN202130804716.8	2031-12-05
2.	Toolbox (Woodpecker) (啄木鳥工具箱)	Chongqing Woodpecker	CN202130804874.3	2031-12-05
3.	A home maintenance monitoring method, device and terminal equipment (一種家庭維修監控方法、裝置及終端設備)	Chongqing Woodpecker	CN202010744684.1	2043-09-21

(d) Domain Names

As at the Latest Practicable Date, our Group had registered the following domain names which we consider to be material in relation to the business of our Group:

No.	Domain name	Registrant	Expiration Date
1.	woodpeckermaintenance.com	Chongqing Woodpecker	2025-01-18
2.	xiujiadian.com	Chongqing Woodpecker	2028-05-31
3.	zmn.cn	Chongqing Woodpecker	2027-03-22

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executive in the share capital of our Company and its associated corporations following completion of the [REDACTED]

Immediately following the completion of the [**REDACTED**] (without taking into account the Shares which may be allotted and issued upon the exercise of the [**REDACTED**]), the interest or short position of our Directors or chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are [**REDACTED**], will be as follows:

Interests and short positions in the Shares

Name of Director or chief executive	Nature of interest	Number of Shares directly or indirectly held immediately following the completion of the [REDACTED][1]	Approximate percentage of interest in our Company immediately following the completion of the [REDACTED]
Mr. Wang . . .	Interest in controlled corporations	[**REDACTED**][2]	[**REDACTED**]%
	Interest of parties acting in concert	[**REDACTED**][2]	[**REDACTED**]%
Mr. Zhu	Interest in controlled corporation	[**REDACTED**][3]	[**REDACTED**]%
Mr. Xiao Qingping . .	Interest in controlled corporation	[**REDACTED**][4]	[**REDACTED**]%

Notes:

(1) Assuming the [**REDACTED**] and the Conversion have been completed prior to the [**REDACTED**], the letter "L" denotes the person's long position in the Shares.

(2) Include Shares held by (i) WANGW Holding Limited; (ii) the Tianjin Incentive Platforms; (iii) WANGYH Holding Limited. See "Substantial Shareholders" for details.

(3) Include Shares held by ZHUHK Holding Limited.

(4) Include Shares held by China Dotman. See "Substantial Shareholders" for details.

(b) Interests and short positions disclosable under Divisions 2 and 3 of the Part XV of the SFO

Save as disclosed in "Substantial Shareholders" in this document, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**], have an interest or short position in the Shares or underlying shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

So far as our Directors are aware, as of the Latest Practicable Date, no person would, immediately following the completion of the [**REDACTED**], be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of any other members of our Group.

2. Particulars of Directors' Service Contracts and Appointment Letters

(a) Executive Directors

Each of our executive Directors, has entered into a service contract with our Company, under which they agreed to act as executive Directors for an initial term of three years commencing from the [**REDACTED**], which may be terminated by not less than three months' notice in writing served by either the executive Director or our Company.

The appointments of our executive Directors are subject to the provisions of retirement and rotation of Directors under the Memorandum and the Articles.

(b) Non-executive Director and Independent Non-executive Directors

Each of our non-executive Director and independent non-executive Directors has signed an appointment letter with our Company for a term of [●] year with effect commencing from the [**REDACTED**]. Under their respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while the non-executive Director is not entitled to any remuneration.

The appointments of the non-executive Directors and independent non-executive Directors are subject to the provisions of retirement and rotation of Directors under the Memorandum and the Articles.

3. Directors' Remuneration

The aggregate amounts of remuneration paid to the Directors were approximately RMB2.3 million, RMB3.1 million, RMB6.4 million and RMB2.5 million in fiscal years 2021, 2022 and 2023, and the six months ended June 30, 2024, respectively.

It is estimated that remuneration equivalent to approximately RMB6.39 million (excluding possible share-based payments) in aggregate will be paid to the Directors by our Company in fiscal year 2024, based on the arrangements in force as of the date of this document.

For details of the remuneration of our Directors, see "Directors and Senior Management — Directors' Remuneration" and Note 12 to the Accountants' Report set out in Appendix I to this document.

4. Disclaimers

(i) Save as disclosed in this section, none of our Directors or the chief executive has any interests or short positions in the Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Hong Kong Stock Exchange once the Shares are [**REDACTED**];

(ii) save for Mr. Wang Guowei and Mr. Xiao Qingping, none of our Directors is a director or employee of a company which has an interest in the share capital of the Company which, once the Shares are [**REDACTED**] on the Stock Exchange, would have to be disclosed pursuant to Division 2 and 3 of Part XV of the SFO;

(iii) save in connection with [**REDACTED**] Agreements, none of our Directors nor any of the parties listed in the paragraph headed "— E. Other Information — 4. Qualifications of Experts" of this appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the date of this document, been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(iv) save in connection with [**REDACTED**] Agreements, none of our Directors nor any of the parties listed in the paragraph headed "— E. Other Information — 4. Qualifications of Experts" of this appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(v) save in connection with [**REDACTED**] Agreements, none of the parties listed in paragraph headed "— E. Other Information — 4. Qualifications of Experts" of this appendix is interested legally or beneficially in any of our Shares or our securities; or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for our Shares or any of our securities; and

(vi) none of our Directors or their associates (as defined in the Listing Rules) has any interest in any of the five largest customers or the five largest suppliers of our Group.

D. INCENTIVE PLATFORMS

1. Background

For the purpose of granting share-based compensation awards to employees, directors and other stakeholders to secure and retain the services of eligible award recipients and to provide incentives for such persons to exert maximum efforts for our success, the Group set up several Chongqing Incentive Platforms during its course of development. The amount of interests subscribed by the recipients were mainly determined with reference to their performance and contribution to the Group, and the recipients' perspectives on the future development of the Group.

To complete ODI procedure and reflect the interests of the relevant onshore incentive platforms at the Company's level, seven Tianjin Incentive Platforms, were established in November 2023, to directly hold Shares in the Company.

Each of the limited partners of the Chongqing Incentive Platforms (the "LPs", each an "LP"), indirectly hold Shares in the Company pursuant to the respective limited partnership agreement ("LPA") entered into with Chongqing Niuniao, the general partner. Each LP shall be subject to the terms and restrictions under the respective LPA.

2. Maximum number of Shares

As of the date of this document, the Tianjin Incentive Platforms holds 30,608,261 shares in our Company, representing approximately 30.61% of the total shares in issue as of the Latest Practicable Date. Upon completion of the [**REDACTED**], Conversion and the [**REDACTED**], the Tianjin Incentive Platforms will hold [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued Shares immediately upon completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

3. Lock-up and Transferability

The lock-up period for the partnership interest held by the LP in the Chongqing Incentive Platforms commences from the date when he/she becomes the limited partner or the shareholder of the Chongqing Incentive Platforms and ends on the [**REDACTED**] or a later date if required by applicable laws, regulations or rules.

As the Chongqing Incentive Platforms shall comply with the lock-up restrictions under Rule 10.07 of the Listing Rules, the LP of Chongqing Incentive Platforms may only submit an application to Chongqing Niuniao, applying for the disposal of the underlying Shares corresponding to his/her partnership interests to the extent that the relevant Chongqing Incentive Platforms comply with the lock-up undertaking as required under Rule 10.07 of the Listing Rules, and to receive the corresponding exit price. The exit price equals to the total amount arising out of the disposal after deducting the tax, expense as well as the transaction fees in relation to the disposal. Alternatively, the LPs may also transfer his/her partnership to the general partner or other qualified personnel, provided such proposal has been consulted with the general partner.

Notwithstanding the above, within three years after [**REDACTED**], the partnership interests disposed/transferred each year shall not exceed 10% of the amount of partnership interests held by the relevant LP at the time of the [**REDACTED**].

If any LP exited the relevant partnership due to certain circumstances specified in the LPA, the LP shall return any proceeds from his/her disposal/transfer of limited partnership interests to the relevant platform.

4. Status

Tianjin Zhuojinke and Chongqing Zhuojinke

Tianjin Zhuojinke is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojinke, and 0.01% by its sole general partner Chongqing Niuniao, which is owned by Mr. Wang and Ms. Wang as to 50% and 50%, respectively.

Chongqing Zhuojinke, one of our Chongqing Incentive Platforms, is a limited partnership established under the laws of the PRC on May 31, 2016, and was held as to 16.40% by its sole general partner, Mr. Wang. The remaining 83.60% partnership interests were held by 37 limited partners, including (i) two Directors and members of senior management, namely Mr. Li Qilong and Ms. Zhang Wenjuan, who held approximately 6.47% and 1.60% partnership interests, respectively; (ii) Ms. Wang, who held 26.94% partnership interest; (iii) Ms. Zhang Biqun, the spouse of Mr. Wang, who held 16.57% partnership interest; and (iv) 33 other employees or former employees of our Company, who held in aggregate approximately 32.03% partnership interests.

Tianjin Zhuojinren and Chongqing Zhuojinren

Tianjin Zhuojinren is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojinren, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojinren, one of our Chongqing Incentive Platforms, is a limited partnership established under the laws of the PRC on March 15, 2016, and is held as to 5.46% by its sole general partner, Mr. Wang. The remaining 94.54% partnership interests were held by 37 limited partners, including (i) one Director and member of senior management, namely Mr. Zhu Hongkun, who held approximately 12.46% partnership interests; (ii) Ms. Wang, who held 21.45% partnership interest; and (iii) 34 employees and one former employee of our Company, who held in aggregate approximately 60.63% partnership interests, with only Mr. Li Shangze, the spouse of Ms. Wang, and Mr. Yu Wei, an Independent Third Party, holding more than 10% of the partnership interests.

Tianjin Zhuojinniao and Chongqing Zhuojinniao

Tianjin Zhuojinniao is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojinniao, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojinniao, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on September 12, 2017, and is held as to 4.47% by its sole general partner, Mr. Wang. The remaining 95.53% partnership interests were held by 41 limited partners, including (i) one member of senior management, namely Mr. He Guanghua, who held approximately 23.50% partnership interests; and (ii) 40 other employees of our Company, who held in aggregate approximately 72.04% partnership interests, with only Mr. Sun Ming, an Independent Third Party holding more than 10% of the partnership interests.

Tianjin Zhuojintoo and Chongqing Zhuojintoo

Tianjin Zhuojintoo is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojintoo, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojintoo, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on September 30, 2020, and is held as to 3.08% by its sole general partner, Mr. Wang. The remaining 96.92% partnership interests were held by 44 limited partners who are employees or former employees of our Company, with no individual limited partner holding more than 10% of the partnership interests.

Tianjin Zhuojinxiang and Chongqing Zhuojingui

Tianjin Zhuojinxiang is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojingui, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojingui, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on July 17, 2023, and is held as to 6.61% by its sole general partner, Mr. Wang. The remaining 93.39% partnership interests were held by 35 limited partners who are employees of our Company, with no individual limited partner holding more than 10% of the partnership interests.

Tianjin Zhuojintu and Chongqing Zhuojintu

Tianjin Zhuojintu is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Zhuojintu, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Zhuojintu, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on July 14, 2023, and is held as to 1.61% by its sole general partner, Mr. Wang. The remaining 98.39% partnership interests were held by 38 limited partners, who are employees or former employee of our Company, with no individual limited partner holding more than 10% of the partnership interests.

Tianjin Yuzhuoxing and Chongqing Yuzhuoxing

Tianjin Yuzhuoxing is a limited partnership established under the laws of the PRC on November 2, 2023. It is held as to 99.99% by Chongqing Yuzhuoxing, and 0.01% by its sole general partner Chongqing Niuniao.

Chongqing Yuzhuoxing, one of our Incentive Platforms, is a limited partnership established under the laws of the PRC on October 16, 2023, and is held as to 0.41% by its sole general partner, Mr. Wang. The remaining 99.59% partnership interests were held by 17 limited partners, who are former employees, employees' spouse, service providers of the Group or experienced technicians, with only Ms. Li Angang, Mr. Li Ke and Ms. Deng Xia, each an Independent Third Party, and Mr. Zhang Shuming, the brother-in-law of Mr. Wang, holding more than 10% of the partnership interests.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group.

2. Litigation

So far as our Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened by or against any member of our Group, that would have a material adverse effect on its results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Stock Exchange for the [**REDACTED**] of, and permission to deal in, the Shares in issue and to be issued pursuant to (i) the [**REDACTED**]; (ii) the [**REDACTED**] and (iii) the [**REDACTED**].

The Joint Sponsors satisfy the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Joint Sponsors by the Company is US$1,300,000 in total.

4. Qualifications of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this document:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) of regulated activities as defined under the SFO
Zhongtai International Capital Limited	A corporation licensed under SFO and permitted to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Registered Public Interest Entity Auditor under Financial Reporting Council Ordinance

Name	Qualification
Shihui Partners	Legal advisor to the Company as to PRC law
Harney Westwood & Riegels	Legal advisor to the Company as to Cayman Islands law
China Insights Industry Consultancy Limited	Independent industry consultant
BonVision International Appraisals Limited	Independent valuer

5. Consents of Experts

Each of the experts named in paragraph 4 above has given and has not withdrawn its consent to the issue of this document with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

6. Promoters

Our Company does not have any promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the [**REDACTED**] and the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses in relation to the incorporation of our Company.

8. Binding Effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in "History, Reorganization and Corporate Structure" in this document, within the two years immediately preceding the date of this document;

(i) no share or loan capital of our Company or any of our subsidiaries or Consolidated Affiliated Entities has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries or Consolidated Affiliated Entities;

(iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries or Consolidated Affiliated Entities;

(b) no share or loan capital of our Company or any of our subsidiaries or Consolidated Affiliated Entities had been under option or agreed conditionally or unconditionally to be put under option;

(c) there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries or Consolidated Affiliated Entities;

(d) our Directors confirm that there has been no material adverse change in the financial or [**REDACTED**] position of our Group since June 30, 2024 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document;

(f) our principal register of members will be maintained by our principal registrar, ICS Corporate Services (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by Computershare Hong Kong Investor Services Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our Hong Kong Share Registrar.

(g) all necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(h) no company within our Group is presently listed on any stock exchange or traded on any trading system; and

(i) there is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Consents of Experts" in Appendix V; and

(b) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts" in Appendix V.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.woodpeckermaintenance.com** during a period of 14 days from the date of this document:

(a) the Memorandum and the Articles;

(b) the Accountants' Report prepared by Deloitte Touche Tohmatsu, the texts of which are set out in Appendix I to this document;

(c) the report issued by Deloitte Touche Tohmatsu in relation to the unaudited pro forma financial information of the Group, the text of which is set forth in Appendix II to this document;

(d) the property valuation report prepared by BonVision International Appraisals Limited, the text of which is set out in Appendix III to this document;

(e) the audited consolidated financial statements of the Group for the financial years ended December 31, 2021, 2022 and 2023, and the six months ended June 30, 2024;

(f) the PRC legal opinions issued by Shihui Partners, the Company's PRC Legal Advisor, in respect of in respect of certain general corporate matters and property interests in China of the Group;

(g) the letter of advice prepared by Harney Westwood & Riegels, the Company's legal adviser on Cayman Islands law, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this document;

(h) the Cayman Companies Act;

(i) the industry report issued by China Insights Industry Consultancy Limited, the summary of which is set forth in "Industry Overview";

(j) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Consents of Experts" in Appendix V to this document;

(k) the material contracts referred to in "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this document;

(l) the service contracts and the letters of appointment with the Directors referred to in "Statutory and General Information — C. Further Information about Our Directors and Substantial Shareholders — 2. Particulars of Directors' Service Contracts and Appointment Letters" in Appendix V to this document;