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You should carefully consider all of the information set out in this document before making an [REDACTED] in the [REDACTED], including the risks and uncertainties described below in respect of our business and our industry and the [REDACTED]. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The market [REDACTED] of the [REDACTED] could fall significantly due to any of these risks, and you may lose all or part of your [REDACTED].

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

Our business is susceptible to China’s macro-economic conditions, particularly the dynamics of the rental apartment market in China.

We provide rental apartment products and services in China. Accordingly, our business depends substantially on the general conditions of China’s rental apartment industry. The demand for rental apartments in China has grown steadily in recent years, but such growth is subject to economic, social, political and other factors playing out in the country. For example, the employment rate in major Chinese cities where we have a strong presence, such as Beijing and Shanghai, would significantly impact the demand for rental apartment services as a depressed job market indicates that fewer white-collar and blue-collar workers would have the need to settle down in these cities compared with the opposite situation. The Chinese economy has shown slower growth since 2012 compared to the previous decade and this trend is likely to continue in the face of macroeconomic conditions. If the downward pressure facing the Chinese economy is not eased, we cannot guarantee that our business will grow as anticipated.

We target young people, including college graduates, entry-level white-collar and blue-collar workers in cities with strong economic growth, net inflow of people, ambitious urban development plans and favorable policies supporting the development of the rental apartment market. As of December 31, 2022, we had 76,245 rental apartments in operation across China, approximately 46.9% of which were located in Beijing and Shanghai. Any severe or prolonged slowdown in China’s economy, and slowdown or discontinuation of urbanization in our target markets may materially and adversely affect our business, financial condition and results of operations. Our occupancy levels and rental rates mainly depend on the demand from our target customers in target markets.

We have benefited in recent periods from the growth of the economy, rapid urbanization and geographic concentration affecting the rental apartment market, including, in particular:

- high residential housing prices and stringent home-purchase requirements in Tier 1 cities, especially Beijing and Shanghai, that have made home purchase more difficult for at least some of our target customers;

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- favorable rental-related policies and other government support for increased rental options;
- increased number of “non-resident” population in Tier 1 cities, especially Beijing and Shanghai;
- favorable interest rates for financing and a rather strong and healthy credit market; and
- mismatch of supply and demand in China’s rental apartment market.

We cannot guarantee that these favorable trends in the rental apartment market will continue indefinitely. Stagnating economic development, lower housing prices or unfavorable policies for the rental apartment market in the Chinese cities where we conduct our business, especially Beijing and Shanghai, may adversely affect the rental apartment market. A softening of the rental apartment market in our target areas would materially and adversely affect our business, financial condition and results of operations.

Our historical growth and financial condition may not be indicative of our future performance and if we fail to effectively manage our growth, our business, financial condition and results of operations could be materially and adversely affected.

We have experienced rapid growth since our inception. In 2020, while COVID-19 posed headwinds for the rental apartment industry, we posted rather strong results in 2020 and closed the year with total revenue of RMB949.0 million. Our total revenue increased by 55.0% from RMB949.0 million in 2020 to RMB1,471.1 million in 2021. In addition, our revenue increased from RMB1,471.1 million in 2021 to RMB1,714.1 million in 2022, representing an increase of 16.5%. The number of our apartments in operation increased from 39,030 as of December 31, 2020 to 76,245 as of December 31, 2022, representing a CAGR of 39.8%. However, we cannot assure you that we will be able to maintain our historical growth rates in future periods. Our growth rates may slow down due to a number of reasons, including but not limited to, decreasing disposable income, increasing competition, declining growth of China’s centralized rental apartment market, the emergence of alternative business models, unfavorable changes in rules, regulations, government policies or general economic conditions. It is difficult to evaluate our prospects, as we may not have sufficient experience in addressing the risks to which companies operating in rapidly evolving markets may be exposed. If our growth rate declines, [REDACTED] perceptions of our business and prospects may be materially and adversely affected and the market [REDACTED] of our Shares could decline.

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We face intense competition in the rental apartment market. If we fail to compete effectively, we may lose market share and our business, prospects and results of operations may be materially and adversely affected.

China’s rental apartment market is highly competitive. With the ongoing consolidation of market share by current participants, we expect competition to persist and intensify in the future, which could threaten our ability to increase sales and maintain our profitability. Our competitors primarily include centralized rental apartment operators, dispersed rental apartment operators and non-institutionalized rental apartment owners, most of which lease their own apartments directly to individual residents. In addition, in response to increased cooling measures on housing sales in general, real estate developers may also branch into the standardized rental market. We believe the principal competitive factors in this industry include:

- ability to source suitable and sufficient apartments across multiple regions with favorable terms including contract length, rental-free period and lease-in costs;
- ability to use big data analytics to establish competitive lease terms with both landlords and customers;
- ability to establish a sustainable unit economic model;
- ability to renovate and operate rental apartments in an efficient and cost-effective manner;
- ability to achieve a high level of standardization and manage a complex supply network;
- ability to maintain financial flexibility;
- geographic coverage and customer reach;
- ability to set up IT and internet infrastructure; and
- brand awareness and customer satisfaction, including the availability and range of value-added services to help foster a sense of community and loyalty among customers.

We face competition in sourcing suitable apartment communities in our target markets. Our competitors may have better access to newer and better located apartments at lower cost. They may also have more rapid access to the information of available apartments, which helps them rent such apartments from owners before we receive such information. Moreover, our competitors may have a lower cost of funds or better access to funding sources that may not be available to us. In addition, our competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of rental apartments.

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Competition may result in fewer options of apartments available to us, higher rental rates to be paid by us, our acceptance of greater risks, lower yields and a narrower spread of yields over our financing costs. As a result, there can be no assurance that we will be able to identify suitable apartments that are consistent with our residents’ needs, and our failure to accomplish the foregoing could have a material adverse impact on our business and results of operations.

We also face competition in sourcing available manachised and third-party managed opportunities. See “– We may not be able to successfully compete for the manachise or management agreements for our manachised or third-party managed projects and, as a result, we may not be able to expand as we planned.”

In addition, we face competition for our target customers. Our competitors may successfully attract customers with cheaper and more convenient rental apartments, better incentives, amenities and value-added services, which could adversely affect our ability to obtain quality customers and lease out our rental apartments on favorable terms. In addition, our competitors may have better access to information related to prospective customers, which may help them identify and acquire quality customers more quickly. Moreover, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our rental apartments. This competition may affect our ability to attract and retain customers and may reduce the rental rates we are able to charge.

Furthermore, as a result of the competition for suitable apartment communities and customers, we may not be able to maintain the spread or margin between lease-in from landlords and lease-out to customers, which may adversely affect our results of operations.

If we fail to compete effectively in the market, we would lose our market share, fail to gain additional market share, and our business, results of operations and growth prospects may be materially and adversely affected.

We may not be able to successfully compete for the manachise or management agreements for our manachised or third-party managed projects and, as a result, we may not be able to expand as we planned.

Our growth strategy includes expanding through the manachised and third-party managed model, by entering into manachise agreements or management agreements with the franchisees or entrusting parties which are our key business partners. We believe that our ability to compete for manachise or management agreements primarily depends on our brand recognition and reputation, the results of our overall operations and our historical operating performance under the manachised and third-party managed model. Other competitive factors for manachise agreements or management agreements include marketing support, the strength of technology infrastructure and the ability to operate apartment communities in a cost-effective manner. In addition, if the availability of suitable locations for new apartment communities decreases, or governmental planning or other local regulations in the rental apartment industry change, the business demand for our manachised and third-party managed model would decrease. If the apartment communities that we manachise or manage perform less successfully than those of

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our competitors, or if we are unable to offer terms as favorable as those offered by our competitors, we may not be able to compete effectively for new manachised and third-party managed projects. As a result, we may not be able to achieve our planned growth and our business, financial condition and results of operations may be materially and adversely affected.

Our cost structure under the leased-and-operated model could materially and adversely affect our operating and financial performance as a significant portion of our costs and expenses may remain at the same level or increase even if our revenues decline.

For our leased-and-operated apartment communities, our operating costs and expenses include but are not limited to overhead costs associated with the due diligence of potential apartment projects and the hiring of on-site managers for apartment operation and management, employee base salaries, and the rents we pay to our landlords, is relatively fixed. Accordingly, a decrease in revenues could result in a disproportionately higher decrease in our earnings because our operating costs and expenses are unlikely to decrease proportionately. For example, potential further outbreaks of COVID-19 may negatively impact the centralized rental apartment market going forward, which could lead to a decline in prevailing rental rates at the market and the occupancy rate of our apartments. Consequently, we may generate less revenue than during normal times. However, our costs and expenses may not vary as significantly despite changes in occupancy and revenues. This is because we expect to continue to pay rents to our landlords and salaries to our employees and make regular repairs and maintenance to keep the attractiveness of our rental apartments. However, we have limited ability to pass increased costs to our customers, as the rental rates are relatively fixed during the lease term. Therefore, our costs and expenses may remain constant or increase even if our revenues decline, which could materially and adversely affect our net margins and results of operations.

Our leased-and-operated apartment projects typically incur significant pre-opening expenses and generate relatively low revenues during their ramp-up stages, which may have a negative impact on our financial performance.

It is rather important for us to lease apartments that can be quickly renovated, repaired and leased out with minimal expenses and maintained in quality condition. Nearly all of our rental apartments require some level of renovation when we rent them from landlords or following departure of a previous resident or otherwise. The majority of the apartments we source are in rather basic conditions, which needs decoration and furnishing in a relatively short period of time with heavy work. While we are currently able to efficiently manage the renovation process and limit the renovation period to a rather short time range, we may not be able to continue to do so if our operating capacities cannot keep pace with the speed at which we expand our apartment operation business or if our standard operating procedure is not faithfully implemented by those staff in charge of the work related to construction and renovation.

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When a renovated leased-and-operated apartment community is available for leasing out, such community usually goes through a ramp-up stage when the occupancy rate is relatively low and revenues generated may be insufficient to cover their operating expenses and the pre-opening cost. As a result, these newly opened leased-and-operated apartments may not achieve profitability during the ramp-up stage. As we continue to increase the numbers of our leased-and-operated apartments, the pre-opening cost incurred during the renovation stage and the relatively low revenues during the ramp-up stage of our newly opened leased-and-operated apartment communities in combination may have a negative impact on our financial performance. Moreover, we plan to develop more midscale and upscale leased-and-operated apartment communities in the future with relatively higher pre-opening expenses, which may lead to a more evident negative impact on our financials. In addition, we conduct regular maintenance or upgrade of our leased-and-operated apartments to ensure high quality and may have to incur significant maintenance expenses from time to time.

If we fail to provide satisfactory customer experience or otherwise maintain or enhance customer trust, the size of our customer base and the occupancy rate of our apartments could stagnate or decline, and our business would be materially and adversely affected.

The success of our business substantially hinges on our ability to provide quality customer experience and maintain our reputation as a trusted rental apartment platform, which in turn depends on a variety of factors, such as:

- our ability to provide customers with high-quality rental apartment services at competitive prices;
- our ability to improve our existing apartments and service offerings and upgrade our platform;
- our ability to meet the diverse needs of our customers with ongoing innovation and new service offerings;
- our ability to maintain and improve operating efficiency and customer experience of online management;
- our ability to leverage technology and data to improve our services;
- our ability to adequately train and manage our employees;
- our ability to foster an inclusive apartment community to which residents feel attached; and
- our ability to effectively ensure the quality of services provided by our third-party service providers.

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We cannot guarantee that we can always provide a satisfactory experience to our customers or continue to maintain customer trust in our platform at a high level as our business continues to evolve. Our failure to do so could materially and adversely affect our business, financial condition and results of operations.

Our business depends on strong brand recognition, and failure to maintain or enhance our brands or to conduct our marketing and branding activities in a cost effective manner could adversely affect our business and growth prospects.

Brands are the bedrock of our success. We believe that the market recognition of our brands has significantly contributed to the success of our business and that maintaining and enhancing our brand recognition is critical to sustaining our competitive advantages. A number of factors could prevent us from successfully promoting our brands, including negative publicity involving our business, our management, our employees, our relationships with our partners, landlords and customers, any wrongdoing committed by our residents in our apartments, the failure of our sales and marketing activities, employee relationships and welfare, regulatory compliance and financial condition. If we fail to maintain and enhance our brands, or if we incur excessive expenses in this effort, our business, financial condition and results of operations may be materially and adversely affected.

We conducted various sales and marketing initiatives to promote our brands through a combination of online and offline channels with the goal of driving more visitors to our mobile app and website and more people to choose our rental apartment services. We incurred RMB42.7 million, RMB50.3 million and RMB70.3 million in selling and distribution expenses in 2020, 2021 and 2022, respectively, representing 4.5%, 3.4% and 4.1%, respectively, of our revenue in the same years. We may not be able to continue to conduct these activities efficiently, and our marketing activities may not yield satisfactory results. If we fail to conduct our sales and marketing activities effectively and efficiently, or if our marketing campaigns are not successful, our results of operations and financial condition could be materially and adversely affected.

The lease term with landlords is longer than the lease term with our residents, which subjects us to risk of fluctuations in market rent and vacancy risk, and could adversely affect our business, financial condition and results of operations.

The long-term nature of our leases with our landlords and the relatively shorter terms of our leases with our residents may subject us to certain risks. Under the leased-and-operated model, we usually enter into long-term leases for apartment properties with an initial lease term generally ranging from 10 to 15 years. The term of the leases with our residents is usually one year. Due to the mismatch between the terms of our leases with landlords and that of our leases with our residents, we may be subject to a vacancy risk if our residents do not renew their leases with us or if we fail to find new residents in a timely manner to cover the remainder of the lease terms of our leases with landlords. In addition, our revenues may be materially and adversely affected if a decline in market rental rates renders us unable to rent out our apartments to our customers at rental rates higher than what we pay to the landlords. We may also need to incur sales and marketing expenses in connection with the acquisition of new residents.

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The COVID-19 pandemic has adversely affected, and may continue to adversely affect, our business, results of operations and financial condition.

Since December 2019, a novel strain of coronavirus, or COVID-19, has significantly impacted both China and the whole world. In March 2020, the World Health Organization declared the spread of COVID-19 a pandemic after characterizing it as a public health emergency of international concern in January 2020. Since the beginning of 2020, China has taken various restrictive measures to contain the spread of COVID-19, such as quarantines, travel restrictions and home office policies. This has resulted in a material and adverse impact on the economy and the rental apartment market in China, such as decreases in occupancy rates and rental rates and delays in rent payments by corporate customers, particularly in the quarters ended March 31, 2020 and June 30, 2020. As a result, our business, results of operations and financial condition have been adversely affected by the COVID-19 pandemic.

During the spring of 2022, a new wave of COVID-19 infections ferociously swept across Shanghai, an economic powerhouse in the PRC and one of our strongholds, leading to a sudden surge of COVID-19 infections. The occupancy rate of our apartment communities located in Shanghai was weighed down by the pandemic and did not witness growth in the period as anticipated. In the meantime, our pre-determined plan to continue expanding our apartment network was also frustrated by the pandemic, as we were forced to delay the opening of new apartment communities and decelerate our efforts in furthering strategic acquisitions. In December 2022 and January 2023, when a new wave of COVID-19 infections swept across many regions in China, our business operations around the country faced challenges. In light of the changed circumstances in pandemic control and the early arrival of the Chinese New Year in 2023, our certain operating metrics demonstrated a decline in this period of time. For example, the occupancy rate of our leased-and-operated apartments decreased by approximately 2.2% in December 2022 and approximately 6.6% in January 2023. The renewal rate of residents also decreased by approximately 5.0% in December 2022 and approximately 9.2% in January 2023. Nevertheless, with the negative impact of COVID-19 gradually fading away and the end of the Chinese New Year holiday, the occupancy rate of our leased-and-operated apartments increased by approximately 3.2% in February 2023 and approximately 3.0% in March 2023. Meanwhile, the renewal rate of residents also strongly increased by approximately 11.5% in February 2023. Due to the material and adverse impact of the COVID-19 outbreaks in 2022, we recorded a net loss of RMB246.6 million in 2022, representing a significant decrease as compared to a net profit of RMB301.9 million in 2021.

In a bid to minimize the negative impact of COVID-19 on our results of operations, financial condition and growth prospects, we have since the start of the pandemic in China implemented a range of responsive measures. For details on our COVID-19-related responsive measures, please refer to “Financial Information – The COVID-19 Pandemic: Its Impact and Our Responses – Our Measures to Mitigate the Impact of COVID-19.”

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Since December 2022, the Chinese government has adjusted its approach to handling the COVID-19 pandemic. Meanwhile, in late 2022 and early 2023, many regions in China had experienced large-scale transmission of the virus, which had a negative impact on our operations in China. Since the end of the Chinese New Year holiday in 2023, there have been signs of commercial activities and social life returning to the normalcy during the pre-pandemic era. We cannot guarantee, however, that the COVID-19 pandemic will not further escalate or have a material adverse impact on our results of operations, financial position or growth prospects. The lingering effects of COVID-19, if any, may not only add more uncertainty to the development of the Chinese economy, but also may disrupt the rental apartment market and inflate our operating costs. There is also no guarantee that our mitigating measures as mentioned above will be adequate to counteract the disruptions that COVID-19 may further bring about to the overall industry and/or our business operations. Our business, results of operations, financial condition and prospects may be materially and adversely affected if new waves of the COVID-19 pandemic or epidemic of another disease occur in Chinese cities where we conduct operations.

If our customers seek early termination of their leases or fail to discharge their obligations under the applicable lease agreements, our business, results of operations and financial condition may be materially and adversely affected.

Our customers, including individual residents and corporate customers, may seek early termination of their leases or fail to meet their obligations in connection with the leases. For example, our residents may default on rental payments, or they may request early termination of the leases. If a resident defaults on his/her payment obligations and fails to cure the default within the applicable grace period, we may terminate the lease and take back the apartment pursuant to the lease and relevant PRC laws. In the meantime, the resident usually has to forfeit the security deposit. We, on the other hand, need to return prepaid rents to the relevant resident, which might have a negative impact on our cash flow. In the event of breaches or early termination of lease agreements, we may not be able to find a new resident to fill the vacancy in a timely manner, under the same terms or at all, and the security deposit or penalty of the defaulting customer may not be sufficient to cover our losses for the period in between the leases. Our business, results of operations and financial condition would be materially and adversely affected if a significant number of our residents seek early termination or fail to meet their obligations in connection with the leases.

In addition, residents may use our apartments for illegal purposes or engage in illegal activities in our apartments, damage or make unauthorized structural changes to our apartments, refuse to leave the apartments upon default or termination of the leases, disturb neighboring residents with noises, trash, odor or eyesores, sublet our apartments in violation of our leases or permit unauthorized persons to live in our apartments. Although we have the right to terminate the leases in such circumstances and the residents are responsible for damage caused to us or other residents by their wrongful conduct, there may still be a negative impact on our business and reputation. Damage to our apartments may delay re-leasing, necessitate expensive repairs or impair the rental income of the apartments, resulting in a lower-than-expected rate of return.

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We may fail to successfully identify, secure and develop additional apartments in a timely manner, which would disrupt our plan to further grow our business.

We plan to increase the total number of apartments in operation to further grow our business and increase our market share. We select locations that we believe would provide our residents with convenient access to core districts, major business development zones, and commercial centers, as well as affordability. We make our site selection decisions based on our proprietary “7-Dimension” model, which factors in market data collected from approximately 50 cities. We have also developed a GIS simulation system to help us screen the optimal store opening area with high precision, so that we can expand efficiently. However, we cannot guarantee that we will be successful in identifying and leasing additional apartment properties at the locations as desirable as we anticipated for reasons beyond our control. We may also incur substantial costs associated with identifying and evaluating apartment properties and negotiating lease terms with landlords. We may also discover unforeseen defects and problems with regard to apartment properties after the lease agreements were entered into, which may prevent us from leasing them out in a timely manner, or at all. In addition, we may not be able to develop additional rental apartments on a timely basis because of the delays in renovation. If we fail to successfully identify, secure or develop additional apartment communities in a timely fashion, our ability to execute our growth strategy could be impaired and our business and prospects could be materially and adversely affected.

We may not be able to manage our planned growth, which could adversely affect our operating results.

The centralized rental apartment industry has been growing rapidly over the last few years. We opened our first Mofang Apartment in Nanjing in June 2009, embarking on a journey towards providing high-quality rental apartments for white-collar workers. In September 2016, we unveiled our Unit 9 Apartment to the general public, opening a new chapter in our history as we began to address the rising needs of blue-collar workers for quality accommodation. Through such organic growth and acquisitions, we increased the number of our apartments from 39,030 apartments as of December 31, 2020 to 76,245 apartments as of December 31, 2022.

We intend to continue developing and operating additional apartment communities in different geographic locations in China. Such expansions have placed, and will continue to place, substantial demands on our managerial, operational, technological and other resources. Our planned expansion will also require us to maintain the consistency of our products and the quality of our services to ensure that our business does not suffer as a result of any deviations, whether actual or perceived, in our quality standards. In order to manage and support our growth, we must continue improving our existing operational, administrative and technological systems and our financial and management controls, and recruit, train and retain qualified apartment management personnel as well as other administrative and sales and marketing personnel, particularly as we expand into new markets. We cannot assure you that we will be able to effectively and efficiently manage the growth of our operations, recruit and retain qualified personnel and integrate new apartment communities into our operations. Our inability to anticipate the changing demands that expanding operations will impose on our management, technology infrastructure and operation process, or our failure to quickly adapt our systems and operation process to new markets, could result in declines of revenues and increases in expenses or otherwise harm our results of operations and financial condition. Furthermore, the macroeconomic environment may also limit our ability to effectively manage our planned

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growth. For instance, any adverse change in the macroeconomic environment of a specific area where we operate our business may lead to a decrease in the prevailing rental rates at the market for rental apartments, which may subject us to negative impact in terms of revenue generation as well as the fair value of our investment properties. For details, please refer to “Financial Information – Critical Accounting Policies and Estimates – Significant Accounting Policies – Investment Properties.”

In addition, expansion into new geographic markets, in which we have limited operating experience and brand recognition, may present new operating and marketing challenges. Those new markets may have different regulatory requirements, competitive landscape, customer preferences and discretionary spending patterns as compared to our existing markets. As a result, any new apartment communities we open in those markets may be less successful than apartment communities in our existing markets. Customers in new markets may not be familiar with our brands and we may need more time to build brand awareness in these markets through more investments in advertising and promotional activities than we anticipated. We may find it more difficult in new markets to hire, motivate and retain qualified talents who share our vision, passion and culture. Apartment communities operated in new markets may also have lower average revenues or higher operating costs than those in existing markets. Revenues at apartment communities operated in new markets may take longer than expected to ramp up and reach expected revenues and profit levels, or may never do so, thereby affecting our overall profitability. There can be no assurance that any new products or service we introduce will be well received by our customers and become profitable in a timely fashion, or at all. If a new product or service is not well received by our customers, or our expansion into new geographic markets is not successful, we may not be able to generate sufficient revenue to offset related costs and expenses, and our overall financial performance and condition may be materially and adversely affected.

Our business growth depends on our ability to attract and retain customers. If we are not able to attract or retain sufficient customers in a timely manner and at a low cost, our business, financial condition and results of operation may be materially and adversely affected.

A substantial portion of our revenue comes from the rents paid by our customers, including both individual residents and corporate customers. For that reason, our success depends upon our ability to attract quality customers in a timely manner and at a low cost. We may not be successful in locating quality customers to lease out our apartments as quickly as we expect, or at all, for reasons beyond our control, such as intense competition, market condition, delay in renovation or other factors. Likewise, despite the efforts that we make to deliver high-quality apartments and related services to our customers, we face challenges in retaining our existing customers in the face of increasing market competition. Our customers typically enter into lease agreements with us with a term of one year, which are renewable upon mutual agreement. However, there can be no assurance that our customers will renew their lease agreements with us as they may find the apartments and services offered by our competitors satisfy their needs better than ours.

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If vacancies continue for a longer period of time than we expect, we may experience decreasing revenues, which may have a material adverse impact on our business, financial condition and results of operations. Besides, our competitors may devote substantial financial and human resources to attracting customers, forcing us to make more investments in marketing and promotional activities. The potential competition for quality customers among centralized rental apartment operators in China not only may decrease our profit margin, but also divert our management’s attention away from other pressing matters in day-to-day operations, such as product renovation, talent recruitment and community building.

We may not be able to effectively control the timing, quality and costs relating to the renovation and maintenance of apartments, which may adversely affect our business, results of operations, financial condition, and growth prospects.

It is relatively important for us to lease apartment communities that can be quickly renovated, constructed and leased out. After we take over the possession of apartment communities from landlords, we need to renovate and construct them in accordance with our standards before leasing out to our customers. In addition, from time to time, we may perform ongoing maintenance to our apartments. Although we have developed technology infrastructure to centrally manage suppliers and contractors, monitor the renovation process, track delivery schedules, and exert quality control throughout the entire apartment renovation process to control the timing, quality and costs, our system may not always work effectively as anticipated. See “– Interruption or failure of our technology platform or IT system could impair our ability to effectively conduct operations and provide services, which could materially and adversely impact our operating performance” in this section. As a result, our ability to adequately monitor or manage our renovations or maintenance process may be adversely affected if our system does not work properly. Through the implementation of our standard operating procedure, we are able to efficiently manage the renovation process and limit the renovation period to to a great extent. However, we cannot guarantee that we will continue to achieve such a rather high level of efficiency in the process of apartment development in the future.

We retain independent contractors and other third parties to perform renovation and maintenance work and are exposed to all of the risks inherent in apartment renovation and maintenance, including but not limited to, potential cost overruns, increases in labor and material costs, delays by contractors in completing work and poor workmanship. If our assumptions regarding the costs or timing of renovation and maintenance across our rental apartments prove to be materially inaccurate, our results of operations, financial condition, and growth prospects may be adversely affected. In addition, if we fail to control the quality of renovation and the poor quality leads to any potential complaints from, or damage to, our residents, we could be exposed to material liability and be held responsible for damages, fines or penalties and our reputation may suffer. See “– We depend on third parties for different aspects of our business and the services that we offer. Our business, results of operations, financial condition and reputation may be materially and adversely affected if the third parties do not continue to maintain or expand their relationship with us, or fail to provide services or products according to the terms of our contracts or otherwise below standard.”

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Our financial condition and results of operations may fluctuate due to seasonal variations in the demand of rental apartments.

Our revenues are generally higher during the three months ended September 30 of each year, as many students search for apartments in the cities where they are employed after graduation from universities. In addition, during and around the Chinese New Year holidays, which usually fall in January or February, our revenues are generally lower than other periods of a year as people are less likely to move into new apartments or stay in rented apartments during and around Chinese New Year holidays. As a result, even though our revenues rebound in March due to a higher demand as labor forces come back to cities in search of jobs or for work after the Chinese New Year holidays, our revenues are generally lower during the three months ended March 31 of each year. For these reasons, our results of operations may not be comparable from quarter to quarter and have been and may continue to be subject to seasonality.

We may encounter failure in identifying and securing apartment properties from property owners or sublessors as we continue our apartment operation business under the leased-and-operated model.

We are one of the leading centralized rental apartment services providers in China. According to Frost & Sullivan, we ranked first among independent centralized rental apartment operators, in terms of the number of apartments in operation as of December 31, 2022. With the aim to further enhance our leading position in the centralized rental apartment market in China, we plan to expand our geographical coverage and deepen penetration in core cities by further enlarging our nationwide rental apartment network. That, in turn, requires us to continue our efforts in identifying and securing apartment properties that align with our business strategies. While our extensive industry knowledge and accumulated operating experience provide us valuable support in this regard, we may still fail to source additional apartment properties due to a host of reasons, which may disrupt our plan to develop our apartment operation business under the leased-and-operated model.

Fierce market competition and uncertain operating environment may cause difficulties for our efforts in securing additional apartment properties. In more developed cities, since we or our competitors may already have business operations in such cities, rental cost may increase or even skyrocket, or our competitors may be able to gain leases of apartment properties before we can do so. In some cases, our competitors may be willing to enter into less favorable leases with property owners or sublessors in order to prevent us from securing a particular apartment property. Alternatively, in less developed cities, due to the lack of available market data and operating experience, we may find it more difficult to identify apartment properties that would best suit our business expansion strategies. In addition, since our brand may be less well-known in those cities than more developed cities in China, we may not be able to effectively compete with local competitors for available apartment properties.

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Our ability to successfully identify and secure apartment properties from property owners and sublessors may also be negatively impacted by other factors, such as macroeconomic conditions and unexpected events. If the macro-economy in China slows, market demand for our apartment products is expected to decrease as well. In that case, we would have fewer financial resources and less financial incentive to expand our apartment operation business under the leased-and-operated model. If China’s economy develops at a rapid rate, however, we may also face intensified competition in securing additional apartment properties, because property owners and sublessors may believe other types of commercial activities, instead of apartment operation business, will bring them more economic benefits. In addition, unexpected events, such as natural disasters or infectious diseases, may weaken our ability to identify and secure available apartment properties because of economic repercussions, mobility restrictions and health hazards.

Furthermore, we may incur costs in connection with evaluating apartment properties and negotiating with property owners and sublessors, including properties that we are subsequently unable to lease and operate. If we fail to successfully identify or compete for additional apartment properties, our ability to execute our growth strategy could be impaired and our business and prospects may be materially and adversely affected.

Over-expansion may expose us to increased risks and challenges, which could materially and adversely affect our business, financial condition and operational results.

We have engaged in a rather rapid expansion of our apartment operation business in recent years, leaving business footprint in many different geographic markets in China and significantly increasing the number of our rental apartments in operation. While we believe there are continued opportunities for growth in the centralized rental apartment market in China, which could provide significant benefits to our business, our rapid expansion may put a strain on our managerial, operational and financial resources. If we over-expand and are unable to adequately fill new apartments with residents or achieve expected rents in certain locations, our occupancy rate, rental income and profit margin would be negatively impacted.

The integration of additional apartment communities, acquired through either organic growth or strategic acquisition, into our existing portfolio may be more difficult and time-consuming than anticipated, particularly if we enter markets where we have limited or no experience. This could lead to operational inefficiencies, increased costs and reduced profitability. As we expand our portfolio, we may encounter difficulties in maintaining the quality and consistency of our products and services, which could harm our brand reputation in the market. Our expansion strategy also requires significant capital investments, which may put a strain on our financial resources and limit our ability to fund other aspects of our business, such as the maintenance of and improvements to our existing apartment communities. Additionally, our expansion may require us to incur additional debt or issue equity securities, which could dilute existing shareholders’ ownership and increase our interest expenses.

RISK FACTORS

In summary, over-expansion may expose us to increased risks and challenges that could adversely affect our business, financial condition and operating results. If we are unable to effectively manage our expansion plan, our growth prospects may be limited and our overall business may be harmed.

We may not be able to renew existing leases with our landlords on commercially reasonable terms and the rents we pay could increase substantially in the future, which could materially and adversely affect our operations.

We plan to renew our existing leases with landlords upon expiration. We cannot assure you, however, that we will be able to renew our leases with landlords on commercially satisfactory terms, or at all. Those landlords may demand higher rents than anticipated as a condition to renew the leases, or may lease their properties to our competitors if our competitors could offer them more favorable terms. If we fail to renew our leases with landlords or a significant number of our existing leases with landlords are not renewed on satisfactory terms upon expiration, our expansion may be impeded and our costs and expenses may increase. If we are unable to pass the increased costs on to our customers by increasing rental rates, our operating margins and earnings could decrease and our results of operations could be materially and adversely affected.

We may have disputes with the franchisees or entrusting parties and they may default on contractual terms, conduct wrongdoings or early terminate the manachise or management agreements with us if the performance of the manachised or third-party managed apartments is worse than they expected.

We may have disputes with franchisees or entrusting parties under the manachised and third-party managed model with respect to the performance of manachise or management agreements. Historically, there were incidents in which we entered into disputes with franchisees or entrusting parties and our business was adversely impacted as a result. If the apartments operated by us under the manachised and third-party managed model fail to deliver the anticipated performance, we may not be able to further expand our operations under the manachised and third-party managed model as we planned and our reputation and results of operations may be materially and adversely impacted. Those franchisees or entrusting parties may also have disputes with us regarding other matters, such as the amount and settlement of fees payable by them and the adequacy of our operational support provided for them. In addition, our manachise agreements with franchisees and management agreements with entrusting parties typically provide that such agreements could be terminated in certain circumstances. If manachise or management agreements are terminated early, we may lose the franchise fees, royalties and other service fees. As a result, our business, results of operations and financial condition may be adversely affected by the early termination of our manachise and management agreements.

RISK FACTORS

We plan to renew our existing manachise and management agreements upon expiration. However, we may be unable to retain the franchisees or entrusting parties on commercially satisfactory terms, or at all. If a significant number of our existing manachise or management agreements are terminated before the respective expiration dates or are not renewed on satisfactory terms upon expiration, our revenue and profit may decrease in the future. If we cannot secure new franchisees or entrusting parties to compensate for the loss of business, our results of operations could be materially and adversely affected.

Our business requires funding for sourcing, renovating and maintaining rental apartments. Failure to access financing on favorable terms in a timely manner or at all would materially and adversely affect our business, results of operations, financial condition and growth prospects.

As of December 31, 2022, approximately 66.7% of our apartments are operated under the leased-and-operated model. We generally incur substantial upfront capital outlay before starting to generate revenues on the relevant apartments. These include capital outlay for market research and the evaluation of target geographic areas for expansion, apartment sourcing, prepayment of rents to our landlords, and the renovation of apartments communities, which are usually in bare-bones condition, to make them suitable for leasing out. After we identify suitable geographic areas and available apartments at such areas, there is a time gap from entry of a lease agreement with landlords to successfully leasing out the apartments and receiving the first rent payments from residents, which may be extended due to factors beyond our control, including but not limited to substantial delay during the renovation period due to third-party contractors’ default, and unfavorable market conditions. Inability to timely access financing on favorable terms or at all would significantly drag down our apartment sourcing and expansion, which could materially and adversely affect our future business, results of operations, financial condition and growth prospects. Historically, to satisfy the capital needs of further expanding our business operations, certain of our subsidiaries’ equity interests were pledged to financial institutions to secure the relevant financing.

In addition, our rental apartments have infrastructure and appliances of varying ages and conditions. In order to maintain and operate our rental apartments, ongoing renovations and other leasehold improvements, including regular maintenance and replacement of furniture, fixtures and equipment, are required. These investments and expenditures also require ongoing capital expenditure investment and, to the extent we cannot fund these expenditures from our existing cash or cash flow generated from operations, we must borrow or raise capital through financing. If we fail to access capital that is necessary to maintain or improve rental apartments, the attractiveness of our rental apartments could be reduced, we could lose market share to our competitors and our occupancy rates may decline.

RISK FACTORS

Our business is susceptible to government measures in respect of the rental apartment industry and we cannot guarantee that current favorable policies will continue indefinitely.

In recent years, PRC governmental authorities put forward favorable policies in respect of rental apartments, including but not limited to, increasing rental housing supply, encouraging the development of modern rental companies, and reducing applicable VAT rates. For more details on those favorable policies related to the centralized rental apartment market, see “Industry Overview – Centralized Rental Apartment Market in China – Market Drivers – Favorable Policies.” These policies have in part driven our growth. Meanwhile, the PRC governmental authorities also set out certain criteria to regulate the rental apartment market. If the PRC governmental authorities adopt any prohibitive or restrictive measures or policies with respect to rental housing, or the interpretation of current laws and regulations relating to the rental apartment market becomes more restrictive and rigorous, they may depress the rental apartment market, dissuade potential residents from renting our apartments, and cause a decline in average rental rates. See “– Risks Related to Doing Business in China – Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.” Our business may be materially and adversely affected as a result of a decreased demand for rental apartments that may result from unfavorable government policies.

Our net current liabilities may expose us to certain liquidity risks and may restrain our operational flexibility as well as affect our ability to expand our business.

As of December 31, 2020, 2021 and 2022, our net current liabilities amounted to RMB1,374.4 million, RMB1,537.9 million and RMB2,423.6 million, respectively, and our current lease liabilities amounted to RMB425.9 million, RMB717.8 million and RMB874.6 million, respectively, representing 8.7%, 9.4% and 10.9% of our lease liabilities as of the same dates. Furthermore, our lease liabilities amounted to RMB4,923.1 million, RMB7,603.2 million and RMB8,010.9 million as of December 31, 2020, 2021 and 2022, respectively. In connection with the adoption of IFRS 16, we recognized lease liabilities for future fixed lease payments in current liabilities and non-current liabilities. Meanwhile, we recognized investment properties representing lease-hold interests to earn rental income (within one year and beyond) entirely in non-current assets. As such, IFRS 16 resulted in us having less current assets and more current liabilities, which represents a de facto mismatch between current liabilities and current assets throughout the Track Record Period. Such a mismatch, together with our borrowings, payables and accruals, led to our net current liability position.

RISK FACTORS

Net current liabilities may expose us to certain liquidity risks and may constrain our operational flexibility, as well as adversely affect our ability to expand our business. This in turn would require us to undertake additional equity financing, which could result in dilution of your equity interests, or to seek debt financing, which may not be available on terms favorable or commercially reasonable to us or at all. Any difficulty or failure to meet our liquidity needs as and when needed can have a material adverse effect on our prospects. Going forward, we cannot guarantee that we will not continue to have a net current liabilities position, which would expose us to liquidity risks. Our future liquidity and ability to make additional capital investments necessary for our operations and business expansion will depend primarily on our ability to maintain sufficient cash generated from operating activities and to obtain external financing. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, receipt of necessary approvals from competent government authorities, [REDACTED] confidence in us, the performance of the rental apartment industry, and our operating and financial performance. We cannot assure you that future financing will be available in amounts or on terms acceptable to us, if at all. In the event that financing is not available or is not available on terms acceptable to us, our business, results of operations and growth prospects may be adversely affected. In the event that we continue to have net current liabilities, our working capital for business operations may be constrained. If we do not generate sufficient positive operating cash flow, obtain bank loans or facilities, or obtain additional financing to meet our working capital needs, our business, financial condition and results of operations may be materially and adversely affected.

We have engaged in joint ventures and may continue to do so, which could result in unforeseen expenses or disruptive effects on our business.

From time to time, we have engaged and may consider engaging in joint ventures with other businesses to develop business initiatives. Any joint venture that we determine to pursue will be accompanied by a number of risks. We may not be in a position to exercise sole decision-making authority regarding the joint ventures. Due to the lack of full control of those joint ventures, we may not be able to control the quality of products produced or services provided by the joint ventures. Depending on the terms of the joint venture agreement, we may need the consent of our joint venture partners for the joint venture to take certain actions, such as making distributions to the partners. A particular joint venture partner may encounter financial difficulties and become unable to meet obligations with regard to funding the joint venture. In addition, our joint venture partners and the joint ventures themselves may hold different views or have different interests from ours, and therefore may compete in the same market with us, in which case our interest and future development may be materially and adversely affected. Furthermore, since we may not have full control over the business and operations of our joint ventures, we cannot guarantee that they will be in strict compliance with all applicable laws and regulations. If our joint ventures slide into operating or financial predicament or if they conduct wrongdoing or otherwise violate applicable laws and regulations, our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

We may undertake strategic partnerships which may not be successful. If our collaboration with any of our strategic partners is terminated or curtailed, or if we are no longer able to benefit from the business collaboration with our strategic partners, our business may be materially and adversely affected.

Our business has benefited from our collaborations with our strategic partners in the areas such as home appliance suppliers, furniture suppliers, and apartment renovation services providers. We cannot assure you that such alliances or partnerships will contribute to our business, and we might not be able to maintain our cooperative relationships with our strategic partners and their respective affiliates in the future. If the services provided by these strategic partners become limited, compromised, restricted, curtailed or less effective or become more expensive or unavailable to us for any reason, our business may be materially and adversely affected. To the extent that we cannot maintain our cooperative relationships with any of these strategic partners, it may be difficult for us to identify other alternative partners, which may divert significant management attention from existing business operations and adversely impact our daily operation and customer experience.

Potential strategic investments, acquisitions or new business initiatives may disrupt our ability to effectively manage our business and adversely affect our operating results. In addition, to the extent we fund these business initiatives through the issuance of equity or convertible debt securities, the ownership interest of our shareholders could be significantly diluted.

We may acquire or make investments in other companies, business, products, technologies or other assets along our business value chain to complement and expand our business. The cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. We may not be able to find suitable acquisition or investment candidates, and we may not be able to complete acquisition and investment on favorable terms, or at all. If we do not complete acquisition and investment as we expect, we may not ultimately strengthen our competitive position or achieve our goals, and any acquisition and investment we complete could be viewed negatively by investors. During the process of negotiations with acquisition or investment candidates or their respective controllers, we may have unexpected conflicts with our counterparties for a wide range of reasons, such as the default on the agreed contractual terms by either side of the negotiating parties. These conflicts not only may lead to the failure of our original plans to make strategic investments, acquisitions or new business initiatives, but also may entangle us in troubling legal proceedings, either as the claimant or the defendant, which could impose significant burden on us in terms of both financial resources and time costs. In addition, to the extent we fund these business initiatives through the issuance of equity or convertible debt securities, the ownership interests of our shareholders could be significantly diluted. Furthermore, if we fail to successfully integrate such acquisitions or the technologies or other assets associated with such acquisitions into our company, be it due to our limited capabilities or resources, or our conflicting ideas or vision with the acquired entities, the revenues and operating results of the combined company could be adversely affected. Acquisitions and investments are inherently risky and may not be successful, and they may disrupt our ongoing operations, divert management from their primary responsibilities, subject us to greater-than-expected liabilities and expenses, and adversely impact our business, financial condition, operating results, and cash flows.

RISK FACTORS

We may be subject to significant costs and reputational harm if our employees, dispatched workers or third-party service providers commit any misconduct or violate any laws or regulations during the course of our operations.

We have a large number of employees, dispatched workers and third-party service providers involved in our daily operations and serve our residents. Although we have implemented policies and procedures to govern their conduct, they could commit misconduct or violate laws or regulations during the course of our operations. For instance, they may make misrepresentations to our residents, cause personal injuries or property losses to our residents when performing the services inside the residents’ apartments, or breach our data policy. Any such incident may subject us to disputes or legal proceedings, resulting in negative publicity and causing reputational harm to us. If we are ordered by public authorities to compensate the loss of our residents and pay damages to them for the wrongdoings of our employees, dispatched workers or third-party service providers, we may incur significant economic losses and our business, results of operations and financial condition could be materially and adversely affected.

Any negative publicity, including false rumors, about us, our business, our operations, our management, our business partners or the rental apartment market in general, may materially and adversely affect our reputation, business, results of operations and growth prospects.

The reputation of our brands is critical to our business and competitiveness. Factors that are vital to our reputation include, but are not limited to, our ability to:

- maintain the reliability of our IT system;
- provide well-maintained apartments to our customers;
- provide appropriate and explicit lease terms to our landlords and customers;
- effectively manage and resolve the complaints from our landlords and customers; and
- effectively protect personal information and privacy of our customers, landlords, franchisees, entrusting parties, employees and third party contractors and service providers.

Any malicious or negative allegation made by the media, customers, landlords or other parties about the foregoing or other aspects of our company, whether with merit or not, could severely compromise our reputation and harm our business and operating results.

RISK FACTORS

If we fail to comply with governmental laws and regulations, or obtain or keep licenses, permits, or approvals applicable to our business, our business and operations may be restricted and we may incur liabilities, financial penalties and other governmental sanctions.

Our business is subject to various compliance and operational requirements under PRC laws. For example, pursuant to relevant laws and regulations, the operators of rental apartments shall obtain relevant business licenses, on which apartment operation shall be explicitly listed in the business scope. However, the business licenses we hold may not be sufficient to meet regulatory requirements, which may restrain our ability to expand our business operations and may subject us to fines or other regulatory actions by relevant regulators if our practice is deemed as violating relevant laws and regulations. In addition, pursuant to PRC regulations, the registered address of a PRC company should be the place where it mainly operates its business, and a PRC company is required to establish branch offices where it operates its business. We seek to register branch offices where we have business operations. However, we have not been able to establish branch offices in some of our existing locations, and no penalties had been imposed by relevant PRC regulatory authorities, as of the date of this document.

To expand our business operations and explore innovative business models, we have adopted and will continue to adopt various operating strategies and measures. Due to the uncertainties of the interpretation and application of pertinent laws by government authorities, such strategies and measures could be challenged under PRC laws and regulations. If so, relevant PRC government authorities may issue warnings, order us to rectify our violating operations and/or impose fines on us. In the case of serious violations as determined by relevant authorities at their discretion, they may ban the violating operations, seize our equipment in connection with such operations, impose a fine and/or revoke the license, which may materially and adversely affect our business.

As we further develop and expand our business operations, we may need to obtain additional qualifications, permits, approvals or licenses. Moreover, we may be required to obtain additional licenses or approvals if PRC governmental authorities adopt more stringent policies or regulations for our industry. We cannot assure you that we will be able to timely obtain, maintain or renew all the required licenses or permits or make all the necessary filings in the future. If we fail to obtain, hold or maintain any of the required licenses or permits or make the necessary filings on time or at all, we may be subject to various penalties, such as the confiscation of the net revenues that were generated through the unlicensed activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Moreover, under PRC advertising laws and regulations, we shall ensure that our advertising content is true and accurate and in compliance with applicable laws and regulations. See “Regulatory Overview – Regulations Relating to Consumer Protection.” In addition, where a special government review is required for specific types of advertisements prior to internet posting, we are obligated to confirm that such a review has been performed and approval has been obtained. Any violation of these laws and regulations may subject us to penalties, including the imposition of fines, orders to cease dissemination of the advertisements and orders to publish an announcement correcting misleading information. While we have made significant efforts to ensure that our advertisements are in full compliance with applicable PRC laws and regulations, we cannot assure you that all the content contained in such advertisements is true and accurate and in compliance with laws and regulations, especially given the uncertainties in the interpretation of these PRC laws and regulations. If we are found to be in violation of applicable PRC advertising laws and regulations, we may be subject to penalties and our reputation may be harmed, which may have a material and adverse impact on our business, financial condition, and results of operations.

Our business is also subject to various health and safety and environmental laws and regulations that affect our operations and conversion activities, including construction, building, zoning, environmental protection, public safety, health and sanitary requirements. We cannot assure you that we or our employees comply with or will comply with all present and future laws and regulations related to our business, including but not limited to, laws and regulations related to the rental housing industry, health, safety, construction, fire prevention and environment. Such non-compliance may subject us to monetary damages, the imposition of fines and/or other administrative penalties or investigations against us, or the suspension of our operations or conversion activities, which in turn could materially and adversely affect our financial condition and results of operations. Furthermore, new regulations could require us to retrofit or modify our apartments or incur other significant expenses. Any failure by us to control the use of, or to adequately restrict the discharge of, hazardous substances in our conversion activities, or otherwise operate in compliance with environmental laws, could subject us to potentially significant monetary damages and fines or the suspension of our business operations, which could materially and adversely affect our financial condition and results of operations.

Owners of our manachised and third-party managed apartments are subject to these same permit and safety requirements. Although the arrangements in relation to our manachised and third-party managed apartments require the owners of these apartment communities to obtain and maintain all required permits or licenses, we have limited control over the conduct of the owners of these manachised and third-party managed apartments. Any failure to obtain and maintain the required permits or licenses may require us to delay the opening of a manachised or third-party managed apartment community or to forgo or terminate our manachise or management agreements, which could harm our brand reputation, result in lost revenues and/or subject us to potential indirect liability. Each of the foregoing could materially and adversely affect our financial condition and results of operations.

RISK FACTORS

We are subject to fire prevention laws and regulations that may subject us to liability.

According to relevant PRC laws, the party responsible for renovation and decoration work needs to obtain approvals from or filings for the renovation construction projects with fire prevention authorities and/or construction authorities, such as the as-built acceptance check on fire safety (竣工消防驗收) or filing of the as-built acceptance check on fire safety (消防驗收備案) (“**Fire Safety Design Examination and As-Built Acceptance Checks**”), unless otherwise falling into any carve-outs. Unlike the hotel industry or private residential housing, for which there are specifically applicable technical standards, there lacks clear statutory procedures and standards on how the existing fire safety laws and regulations apply to the PRC rental apartment industry, as it is still at its incipient stage. This has caused practical difficulties for members of the rental apartment industry in ensuring full compliance with existing fire safety laws, regulations and implementing rules, as their enforcement and interpretation are left to the broad discretion of the relevant regulatory authorities. Such practical difficulties include:

- (i) the refusal of certain local authorities to accept applications for completing Fire Safety Design Examination and As-Built Acceptance Checks (“**Fire Safety Applications**”) due to the lack of clear and uniform statutory procedures and standards governing the application process and review criteria for renovation construction projects of rental apartments; and
- (ii) certain local authorities may not accept Fire Safety Applications if they were not submitted within the timelines for projects that are explicitly required to complete Fire Safety Design Examination and As-Built Acceptance Checks.

If the authorities conclude that we failed to comply with rules, laws and regulations as to construction permits and fire safety, we may be subject to a wide spectrum of administrative penalties, such as the confiscation of illegal revenue, the imposition of fines and the suspension of operations.

During the Track Record Period and up to the Latest Practicable Date, 14 administrative penalties in relation to fire safety regulations were imposed on the Group. All of the individual monetary amounts in relation to the 14 administrative penalties were no more than RMB42,000, resulting in an aggregate monetary amount not exceeding RMB300,000. The Company was also once ordered to suspend the operations of an apartment property, although the suspension order was ultimately not enforced and the relevant apartment community continued to operate throughout the Track Record Period. The Group arranged interviews with the government authority that imposed such administrative penalty, who confirmed that: (i) the property at issue had previously been used by an independent third party as a hotel before it was leased by the Group; (ii) the government authority had applied the fire safety requirements in relation to hotels to the property being used by the Group as a rental apartment. The fire safety requirements in relation to hotels are not applicable to rental apartments; and (iii) the government authority decided that it would not enforce the aforementioned suspension order. Save as disclosed herein, during the Track Record Period and up to the Latest Practicable Date, none of the rental apartments of the Group were ordered to cease operations due to administrative penalties in relation to fire safety regulations. As such, the administrative penalties did not have any material consequences on the Group.

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Additionally, according to our PRC Legal Advisors, if fire accidents occur in these leased properties, our liability mainly depends on whether we acted with intention or negligence in respect of the fire accidents and their consequences. The lack of Fire Safety Design Examination and As-Built Acceptance Checks will not automatically lead a competent court to determine that the Group acted with intention or negligence in a fire accident under relevant PRC laws and regulations. Instead, such determination will be made in accordance with the fire accident determination report to be published by the competent authority and actual facts and circumstances. If a competent court determines that we acted negligently in such a fire accident but the accident does not constitute a criminal offence, we may incur administrative penalties such as warnings, detainment of liable personnel for ten to 15 days and/or a fine of not more than RMB500. If the competent court deems that we have not acted negligently in such a fire accident, or the fire accident has not caused severe harm (as defined under the relevant PRC laws and regulations), we would not be subject to any criminal liability. In addition, if any resident incurs losses as a result of property damage arising from the fire accident, and a competent court determines we are at fault (whether it be intentionally or through gross negligence), we would be required to compensate for such losses. As of the Latest Practicable Date, no civil, criminal or administrative liabilities have ever been imposed on us resulting from any fire accidents on our leased properties.

Our leasehold interest in the leased-and-operated apartment properties may be defective and our legal right to lease certain properties may be challenged by property owners or other third parties, or subject to government regulation, which could cause significant disruption to our business.

Our leased-and-operated model relies on the leases of apartment properties with third parties who either own or lease the apartments from the ultimate owners. Under the PRC Civil Code, which has taken effect since January 1, 2021, only the property owner can have the right, at its full discretion, to possess, use, benefit and dispose of its immovable or movable property pursuant to law. The creation, variation, transfer and extinguishment of immovable real right pursuant to law shall be effective upon registration, unless the law provides the contrary. Accordingly, the local registration authority will issue to the real property owner a property title certificate which clearly indicates the ownership of the property. If a lessee intends to sublease the leased property to a third party, it shall obtain the prior consent regarding such sublease from the owner of the relevant property, otherwise any unauthorized sublease may be unwound by the owner. Therefore, we require property owners or sublessors to provide the photocopies of their property title certificates when entering into lease agreements, to ensure that we will be legitimately entitled to rent out the apartment to our customers. In the event that landlords intend to lease their apartments to us before obtaining property title certificates, as part of our due diligence for verification, we require such landlords to provide evidential documents that can prove their ownership over the leased properties, including, among other things, (i) permit for planned use of the construction project, (ii) housing pre-sale contract, housing purchase agreement and housing purchase invoice, or (iii) demolition compensation agreement and demolition settlement agreement.

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PRC laws expressly provide that the ownership certificate of a real property shall be the legal proof of the title to such real property, and it remains unclear whether any other documents can serve as a legal proof in lieu thereof. As a result, to the extent the parties with whom we enter into lease agreements fail to provide us with the ownership certificates of relevant apartment properties, we cannot ensure that they have the rights with respect to such properties, including but not limited to, leasing such apartments to us and allowing us to sublease such apartments to our customers. While we have performed our due diligence to verify the rights of our landlords to lease such apartments, our rights under those leases could be challenged by other parties, including government authorities. Moreover, as these substitute documents do not have the same legal force as the property title certificates, it is possible that the party who signs the lease agreement is not the legal and beneficial owner registered in the title certificate and the lease agreement may be invalidated, which may adversely affect our business, results of operations, financial condition and growth prospects. While some lessors have represented and warranted that they are legal property owners of the leased properties and have agreed to indemnify lessees against the losses resulting from the ownership defects, there is no assurance that the lessees will be able to successfully enforce such indemnification obligations against the lessors or that such indemnification can cover losses from all the ownership defects. As a result, we may suffer significant losses resulting from the lessors’ ownership defects to the extent that the lessees are not fully indemnified by the lessors.

In several instances where our landlords are not the ultimate owners of certain apartment properties, no consent or permits were obtained from the ultimate owners, or competent government authorities, as applicable, for the sublease of the properties to us, which could potentially invalidate our leases or result in the renegotiation of such leases that leads to terms less favorable to us. Some of the apartments we lease from third parties were also subject to mortgages at the time the leases were signed. Where consent to the lease was not obtained from the mortgage holder in such circumstances, the lease may not be binding on the transferee of the apartment if the mortgage holder forecloses on the mortgage and transfers the apartment.

Any challenge to our legal rights to the apartment properties we leased, if successful, could impair the development or operations of our apartments. We are also subject to the risk of potential disputes with apartment owners or third parties who otherwise have rights to or interests in our rental apartments. Such disputes, whether resolved in our favor or not, may divert management’s attention, harm our reputation or otherwise disrupt our business.

Any failure to comply with land- and property-related PRC laws and regulations may negatively affect our ability to operate our apartments and we may suffer significant losses as a result.

Lessors of our apartment properties are required to comply with various land- and property-related laws and regulations to enable them to lease effective titles of their properties for our apartment use. For example, before any properties located on state-owned land in China with allocated or leased land use rights or on land owned by collective organizations may be leased to third parties, lessors should obtain appropriate approvals from competent government authorities, and the actual usage of the property shall comply with the planned usage of the property and the land. Failure to comply with the land- and property-related laws and

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regulations may subject the lessors to monetary fines or other penalties and may lead to the invalidation or termination of the leases and relocation of our relevant leased apartment properties, and therefore may adversely affect our results of operations. While some lessors have agreed to indemnify lessees against the losses resulting from the lessors’ failure to obtain the required approvals, there is no assurance that the lessees will be able to successfully enforce such indemnification obligations against the lessors or that such indemnification can cover losses from all the property defects. As a result, we may suffer losses resulting from the lessors’ failure to obtain required approvals to the extent that the lessees are not fully indemnified by the lessors.

New laws, regulations and policies may be promulgated to strengthen the regulation on rental apartment market, which may adversely affect our business, results of operations, financial condition and growth prospects.

PRC laws, regulations and policies concerning the rental apartment industry are developing and evolving. Although we have been taking measures to comply with the laws, regulations and policies that are applicable to our business operations, the PRC government authorities may promulgate new laws and regulations regulating the apartment rental industry in the future. The roll-out of these new laws and regulations may increase our compliance efforts at significant costs. In addition, we may not be in full compliance with all of the applicable requirements if they are adopted and become effective, and our practice could be deemed to violate new PRC laws, regulations or policies relating to the apartment rental industry. Such failure to comply with applicable laws and regulations related to our business and apartment rental operations or obtain required permits may subject us to potential monetary damages and fines or the suspension of operations. For example, the PRC government may institute a licensing regime covering our industry at some point in the future. If any licensing regime is introduced, we cannot assure you that we would be able to obtain any newly required license in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations. Also, the MOHURD, the NDRC, the MOPS, the SAMR, the CAC and the CBIRC jointly published the Opinion on Rectification and Standardization of Residential Tenancy Industry (《關於整頓規範住房租賃市場秩序的意見》) on December 13, 2019, and published Opinion on Strengthening Regulation on Asset-light Residential Tenancy Enterprises (《關於加強輕資產住房租賃企業監管的意見》) on April 15, 2021. These regulations provide that, among other things, (i) the MOHURD and its local counterpart shall promote the connection between its management and service platform of residential tenancy and the enterprises’ business system and realize the online signing and filing of lease contracts, and (ii) residential tenancy enterprises shall set up a capital supervision account in the commercial bank, and the commercial bank shall forward the information of the account to local MOHURD via the system docking. Local governments in different cities are gradually promoting and carrying out these requirements. In those cities with mature conditions, we comply with these requirements to the extent practicable. For example, we have connected to the governmental management and service platform of residential tenancy and filed the lease contracts with the governments online in major cities, such as Beijing, Hangzhou and Shenzhen. But we cannot assure you that we would be able to comply with these requirements in a timely manner, or at all, which could materially and adversely affect our business and impede our ability to continue our operations.

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In addition, under the current PRC legal regime, there are no laws or regulations specifically controlling rents. The Administrative Measures for Commodity Housing Leasing, promulgated by the MOHURD on December 1, 2010, provide a principle rule that landlords shall not raise the rent unilaterally and randomly during the term of the lease agreements. In addition, on May 19, 2017, the MOHURD published the Measures on Management of Residential Tenancy and Home Sales (Discussion Draft), or the Discussion Draft, for public discussion, which was closed on June 19, 2017. The Discussion Draft stipulates that landlords must not unilaterally raise rent if they have not reached a consensus with the tenant on the frequency and range of rent adjustments in the lease agreement. This Discussion Draft also stipulates that the local governments shall establish a system to publicize information on rents in the local markets. The Discussion Draft also stipulates that landlords shall not evict the tenants through violence, threats or other coercive measures. Although the final provisions, interpretation, adoption timeline and effective date of the Discussion Draft remain substantially uncertain, our business practices may be subject to stricter governmental supervision in the future, which may adversely affect our business, results of operations, financial condition and growth prospects.

Interruption or failure of our technology platform or IT system could impair our ability to effectively conduct operations and provide services, which could materially and adversely impact our operating performance.

Our business relies heavily on our technology-driven, end-to-end systems that are highly technical and complex. Our website, mobile app and internal systems highly depend on the ability of such information systems to store, retrieve, process and manage data throughout each key step of our operational process, including but not limited to, site selection, apartment development, renovation and construction, and sales and marketing activities. For example, residents may choose to use our proprietary Mofang Life APP or WeChat mini program to sign agreements with us, pay rents, submit repair requests and reserve house-keeping services. The information systems we use may contain undetected errors, ineffective algorithms or other design defects, which may result in a negative experience for our customers, landlords, third-party service providers and our employees, delay the introduction of new features or enhancements, result in errors or compromise our ability to protect user data or our intellectual property. Any interruption or failure of our technology platform or IT system we use could result in harm to our reputation, loss of customers or business partners, or liability for damages, any of which could materially adversely affect our business, results of operations and financial condition.

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Failure to comply with cybersecurity and data protection laws or maintain the integrity of internal or customer data could result in harm to our reputation or subject us to costs, liabilities, fines or lawsuits.

Our business involves collecting and retaining a certain amount of internal and customer data to the extent compatible with the scale of our operations, including personal information, as our various information technology systems enter, process, summarize and report such data. We also maintain information about various aspects of our operations as well as regarding our employees. The integrity and protection of our customer, employee and company data is critical to our business. Our customers and employees expect that we will adequately protect their personal information. We are required by applicable laws to keep strictly confidential the personal information that we collect, and to take adequate security measures to safeguard such information.

The PRC Criminal Law, as amended by its Amendment 7 (effective on February 28, 2009) and Amendment 9 (effective on November 1, 2015), prohibits institutions, companies and their employees from selling or otherwise illegally disclosing a citizen’s personal information obtained during the course of performing duties or providing services or obtaining such information through theft or other illegal ways. On November 7, 2016, the Standing Committee of the PRC National People’s Congress issued the Cyber Security Law of the PRC, or Cyber Security Law, which became effective on June 1, 2017. Pursuant to the Cyber Security Law, network operators must not, without users’ consent, collect personal information, and may only collect users’ personal information necessary to provide their services. Providers are also obliged to provide security maintenance for their products and services and shall comply with provisions regarding the protection of personal information as stipulated under the relevant laws and regulations. The Civil Code of the PRC (issued by the PRC National People’s Congress on May 28, 2020 and effective from January 1, 2021) provides a main legal basis for privacy and personal information infringement claims under the Chinese civil laws. PRC regulators, including the Cyberspace Administration of China, the Ministry of Industry and Information Technology, and the Ministry of Public Security, have been increasingly focused on the regulation in the areas of data security and data protection. The PRC regulatory requirements regarding cybersecurity are constantly evolving. For instance, various regulatory bodies in China, including the Cyberspace Administration of China, the Ministry of Public Security and the State Administration for Market Regulation, have enforced data privacy and protection laws and regulations with varying and evolving standards and interpretations. In April 2020, the Chinese government promulgated the Cybersecurity Review Measures, which came into effect on June 1, 2020. According to the Cybersecurity Review Measures, the operators of critical information infrastructure must pass a cybersecurity review when purchasing network products and services which do or may affect national security. On December 28, 2021, the Cyberspace Administration of China and other related authorities jointly revised and promulgated the Cybersecurity Review Measures, which came into force on February 15, 2022. The Cybersecurity Review Measures propose the following key changes: (i) companies who are engaged in data processing are also subject to the regulatory scope; (ii) the CSRC is included as one of the regulatory authorities for purposes of jointly establishing the state cybersecurity review working mechanism; (iii) the operators (including both the

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operators of critical information infrastructure and relevant parties who are engaged in data processing) holding personal information of more than one million users and seeking a listing abroad shall file for cybersecurity review with the Cybersecurity Review Office; and (iv) the risks of core data, material data or large amounts of personal information being stolen, leaked, destroyed, damaged, illegally used or transmitted to overseas parties and the risks of critical information infrastructure, core data, material data or large amounts of personal information being influenced, controlled or used maliciously shall be collectively taken into consideration during the cybersecurity review process. Recently, certain internet platforms in China have been reportedly subject to heightened regulatory scrutiny in relation to cybersecurity matters. As advised by our PRC Legal Advisors, Hong Kong does not fall within the definition of “abroad” in the provision, therefore the obligations under the Cybersecurity Review Measures to proactively apply for cybersecurity review by a network platform operator seeking listing abroad shall not be applicable to the proposed [REDACTED] in Hong Kong. As of the date of this document, we have not been informed by any PRC governmental authority of any requirement that we file for a cybersecurity review. However, if we are deemed to be a critical information infrastructure operator or a company that is engaged in data processing and holds personal information of more than one million users, we could be subject to PRC cybersecurity review. As there remains significant uncertainty in the interpretation and enforcement of relevant PRC cybersecurity laws and regulations, we cannot assure you that we would not be subject to such cybersecurity review requirement, and if so, that we would be able to pass such review in relation to this [REDACTED]. In addition, we could become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future. Any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance with the related laws and regulations may result in fines or other penalties, including the suspension of business, website closure, the removal of our app from relevant app stores, and the revocation of prerequisite licenses, as well as reputational damage or legal proceedings or actions against us, which may have a material and adverse impact on our business, financial condition or results of operations. As of the date of this document, we had not been notified by any authorities of being classified as a critical information infrastructure operator.

As advised by our PRC Legal Advisors, except the above voluntary filings, regulatory authorities may initiate cybersecurity reviews if it is of the opinion that the network products and services as well as data processing activities affect or may affect national security. Since there have been no clarifications from the authorities as to the standards for determining such activities that “affect or may affect national security”, we cannot preclude the possibility that we may be subject to cybersecurity review. As of the date of this document, we had not been involved in any investigations on cybersecurity review made by the Cybersecurity Review Office, and we had not received any inquiry, notice, warning, or sanction in such respect.

On June 10, 2021, the Standing Committee of the National People’s Congress of China, or 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 imposes data security and privacy obligations on entities and individuals carrying out data activities, and introduces a data classification and hierarchical protection system based on the importance of data in economic and social development, as well as the degree of harm it will cause to national

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security, public interests, or the legitimate rights and interests of individuals or organizations when such data is tampered with, destroyed, leaked, or illegally acquired or used. The PRC Data Security Law also provides for a national security review procedure for data activities that may affect national security and imposes export restrictions on certain data and information. As uncertainties remain regarding the interpretation and implementation of these laws and regulations, we cannot assure you that we will comply with such regulations in all respects and we may be ordered to rectify or terminate any actions that are deemed illegal by regulatory authorities. We may also become subject to fines and/or other sanctions which may have a material and adverse impact on our business, operations and financial condition.

On August 20, 2021, the Standing Committee of the National People’s Congress of China promulgated the PRC Personal Information Protection Law (《中華人民共和國個人信息保護法》), or the PIPL, which took effect in November 2021. In addition to other rules and principles of personal information processing, the PIPL specifically provides rules for processing sensitive personal information. Sensitive personal information refers to personal information that, once leaked or illegally used, could easily lead to the infringement of human dignity or harm to the personal or property safety of an individual, including biometric recognition, religious belief, specific identity, medical and health, financial account, personal whereabouts and other information of an individual, as well as any personal information of a minor under the age of 14. Only where there is a specific purpose and sufficient necessity, and under circumstances where strict protection measures are taken, may personal information processors process sensitive personal information. A personal information processor shall inform the individual of the necessity of processing such sensitive personal information and the impact thereof on the individual’s rights and interests. We may collect sensitive personal information such as ID card photos and personal photos from our customers for the purpose of verifying their personal identities when they carry out online check-in or make online reservation with our apartments. As uncertainties remain regarding the interpretation and implementation of the PIPL, we cannot assure you that we will comply with the PIPL in all respects and regulatory authorities may order us to rectify or terminate our current practice of collecting and processing sensitive personal information. We may also become subject to fines and/or other penalties which may have a material and adverse impact on our business, operations and financial condition.

Security breaches and attacks against our technology systems, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage our reputation and negatively impact our business, as well as materially and adversely affect our financial condition and results of operations.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. Given the size of our customer base and the types and volume of personal data on our system, we may be a particularly attractive target for computer hackers, foreign governments or cyber terrorists. Unauthorized access to our proprietary internal and customer data may be obtained through break-ins, sabotage, breach of our secure network by an unauthorized party, computer viruses, computer denial-of-service attacks, employee theft or misuse, breach of the security of

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the networks of our third-party service providers, or other misconduct. Because the techniques used by computer programmers who may attempt to penetrate and sabotage our proprietary internal and customer data change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. Unauthorized access to our proprietary internal and customer data may also be obtained through inadequate use of security controls. Any of such incidents may harm our reputation and adversely affect our business and results of operations. In addition, we may be subject to negative publicity about our security and privacy policies, systems, or measurements from time to time.

Any failure to prevent or mitigate security breaches, cyber-attacks or other unauthorized access to our systems or disclosure of our customers’ data, including their personal information, could result in loss or misuse of such data, interruptions to our service system, diminished customer experience, loss of customer confidence and trust, impairment of our technology infrastructure, and harm our reputation and business, resulting in significant legal and financial exposure and potential lawsuits.

We leverage a wide array of internet technologies to achieve management and operation efficiency and effectiveness, which depend upon the performance and reliability of the internet infrastructure and telecommunications network in China.

Our business depends on the performance and reliability of the internet infrastructure in China. Substantially all access to the internet is maintained through state-controlled telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. In addition, the national networks in China are connected to the internet through international gateways controlled by the PRC government. These international gateways are generally the only websites through which a domestic user can connect to the internet. We cannot assure you that a more sophisticated internet infrastructure will be developed in China. We may not have access to alternative networks in the event of disruptions, failures or other problems with China’s internet infrastructure. In addition, the internet infrastructure in China may not support the demands associated with continued growth in internet usage.

We also rely on third-party providers to provide us with data communications capacity primarily through local telecommunications lines and internet data centers to host our servers. We may not have access to alternative services in the event of disruptions, failures or other problems with the fixed telecommunications networks of the third-party providers, or if the third-party providers otherwise fail to provide such services. Any unscheduled service interruption could disrupt our operations, damage our reputation and result in a decrease in our revenues. Furthermore, we have no control over the costs of the services provided by third-party providers. If the prices that we pay for telecommunications and internet services rise significantly, our gross margins could be significantly reduced. In addition, if internet access fees or other charges to internet users increase, our user traffic may decrease, which in turn may cause our revenues to decline.

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If our IT capabilities and infrastructure fail to keep up with our growing business needs, industry trends or technological developments, our business, results of operations and financial condition may be materially and adversely affected.

We have experienced substantial growth in the past and plan to further expand our business in the future. Our expansion has placed, and will continue to place, substantial demands on our IT capabilities and infrastructure. In order to manage and support our growth, we must continue to improve our IT systems, including the investments in the IT infrastructure and the recruitment and training of IT personnel. We cannot assure you that the development of our IT capabilities and infrastructure will keep up with our growing business needs. If we fail to do so, our business, results of operations and financial condition may be materially and adversely affected.

Furthermore, the rental apartment industry is rapidly evolving and subject to continuous technological changes. Our success will depend on our ability to keep up with the changes in technology and user behavior resulting from new developments and innovations. For example, as we provide our product and service offerings across a variety of mobile systems and devices, we are dependent on the interoperability of our services with popular mobile devices and mobile operating systems that we do not control, such as Android and iOS. If any changes in such mobile operating systems or devices degrade the functionality of our services or give preferential treatment to competitive products and services, the usage of our products and services could be adversely affected. In addition, we have invested in developing our data analytics and other technologies to improve our customer services and operational efficiency, but there is no guarantee that such investments may result in our anticipated outcomes or returns.

Technological innovations may also require substantial capital expenditures in product or service development as well as in the modification of products, services or infrastructure. We cannot assure you that we can obtain financing to cover such expenditures. If we fail to adapt our products and services to such changes in an effective and timely manner, we may suffer from decreased user traffic and user base, which, in turn, could materially and adversely affect our business, financial condition and results of operations.

We use software licensed from third parties. Our ability to provide customers with a high-quality online experience depends on the satisfactory performance, reliability and availability of software licensed from third parties.

A portion of the technologies we use incorporates open source software, and we may incorporate open source software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. These licenses may subject us to certain unfavorable conditions, including requirements that we offer our services that incorporate the open source software for no cost, that we make publicly available source code for modifications or derivative works we create based upon, incorporating, or using the open source software, or that we license such modifications or derivative works under the terms of the particular open source license.

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Additionally, if a third-party software provider has incorporated open source software into software that we license from such provider, we could be required to disclose or provide at no cost any of our source code that incorporates or is a modification of such licensed software. If an author or any third party that distributes open source software that we use or license were to allege that we had not complied with the conditions of the applicable license, we may need to incur significant legal expenses defending against such allegations and could be subject to significant damages and enjoined from providing services that contain the open source software. Any of the foregoing could result in disruptions to our business, or delays in the development of future enhancements to our existing platform, which could materially and adversely affect our business and results of operations.

Accidents and injuries in our apartments may materially and adversely affect our reputation and subject us to liability.

While we endeavor to provide our residents with high-quality and safe living conditions, there are inherent risks of accidents or injuries in our apartments. One or more accidents or injuries such as injury or death due to any criminal behavior, slip and fall, or suicide in any of our apartments could subject us to disputes or legal proceedings, adversely affect our reputation, decrease our overall occupancy rate and increase our costs for taking additional measures to further improve the effectiveness of our safety precautions.

In addition, if an incident occurs in our apartments that do not fully comply with land- and property-related PRC laws and regulations, there could be substantial negative publicity, and may even trigger large-scale government actions that impact all of our apartments, which in turn will have a material and adverse impact on our business, results of operations and financial condition.

Our limited insurance coverage may expose us to losses, which may have a material adverse effect on our reputation, business, financial condition and results of operations.

We believe we maintain insurance policies in line with industry standards. However, insurance companies in China currently do not offer as extensive an array of insurance products as are offered by insurance companies in more developed economies. At the same time, according to our contractual arrangements with business partners, such as some of our landlords, they are responsible for purchasing certain kinds of insurance. As such, we may not be able to insure certain risks related to our assets or business even if we desire to. Although we maintain property insurance covering the apartments we operate, public liability insurance, liability insurance related to directors, and statutory automobile liability insurance, we do not maintain property insurance covering our equipment and other property that are essential to our business operation, business interruption insurance, key-man life insurance or litigation insurance. In addition, although we maintain personal injury insurance that covers personal injuries of our residents caused by certain types of accidents in a majority of our apartments, such insurance may not be sufficient to cover all types of accidents that may occur or cover all possible losses. Any uninsured occurrence of business disruption, litigation, accidents or natural disaster, or significant damage to our uninsured equipment or facilities could have a

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material and adverse effect on our results of operations. Our current insurance coverage may not be sufficient to prevent us from any loss and there is no certainty 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 have been, and may from time to time be, subject to claims, controversies, lawsuits and other legal and administrative proceedings, which could have a material adverse effect on our business, results of operations, financial condition and reputation.

We are currently not party to any material legal or administrative proceedings. However, in the light of the nature of our business, we are susceptible to potential claims or controversies. We have been, and may from time to time in the future be, subject to or involved in various claims, controversies, lawsuits and other legal and administrative proceedings. Lawsuits and litigation may cause us to incur defense costs, utilize a significant portion of our resources and divert management's attention from our day-to-day operations, any of which could harm our business. Claims arising out of actual or alleged violations of law could be asserted against us by the lessors or ultimate owners of the apartment communities we leased, customers, third-party contractors and service providers, suppliers, competitors, or governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to, internet information services laws, intellectual property laws, unfair competition laws, data protection and privacy laws, labor and employment laws, securities laws, consumer protection laws, tort laws, contract laws, property laws and employee benefit laws. In addition, as we do not verify the authenticity of the information such as electronic signatures provided by residents, landlords and other third parties, such information may be misused and not genuine, which may also subject us to claims, lawsuits and other proceedings. We may also receive formal and informal inquiries from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation.

In particular, we may be exposed to various claims and disputes with our customers, including but not limited to, those related to the terms set forth in the lease agreements. We take various measures to ensure that our customers are aware of and understand the terms set forth in the lease agreements. These measures include, but are not limited to, verbal reminders from our staff members during the signing process and the issuance of check-in notes which restate some of the key terms contained in lease agreements. However, our customers may misunderstand the terms in the lease agreements, such as the length of the lease and upfront payment terms. These misunderstandings may lead to disputes between our customers and us. For example, our customers may claim that they are not aware that the length of the contracted lease term is 12 months, or do not know their deposits may be forfeited when they terminate the lease during the lock-in period or otherwise breach the term of the lease. In addition, some claims and disputes with residents may involve accidents, injuries or death in our rental apartments, if a resident is assaulted or becomes the victim of theft or other criminal behavior during his or her stay in our rental apartments. See "– Accidents and injuries in our apartments

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may materially and adversely affect our reputation and subject us to liability.” Moreover, we may be exposed to claims and disputes with third-party suppliers, including but not limited to, those related to the payment for goods. Such claims and disputes may be escalated to lawsuits or other legal proceedings and may distract our management, and materially and adversely affect our business and reputation.

There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. Even if we are successful in our attempts to defend ourselves in legal and administrative actions or to assert our rights under various laws, enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to, the suspension or revocation of licenses to conduct business.

Any failure to protect our trademarks and other intellectual property rights could have a negative impact on our business.

We regard our trademarks, copyrights, patents, domain names, know-how, proprietary technologies, and similar intellectual property (which we have ownership or legal rights to use) as critical to our success, and we rely on a combination of intellectual property laws and contractual arrangements, including confidentiality, invention assignment and non-compete arrangements with our employees and others, to protect our proprietary rights. Despite these measures, any of our intellectual property rights could be challenged, invalidated, circumvented or misappropriated, or such intellectual property may not be sufficient to provide us with competitive advantages. In addition, we may file patent applications in the future, but there can be no assurance that our patent applications will be approved, that any issued patents will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable. Further, because of the rapid pace of technological changes in our industry, parts of our business rely on technologies developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties on reasonable terms, or at all.

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Policing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, and could put our intellectual

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property at risk of being invalidated or narrowed in scope. We cannot assure you that we will prevail in such litigation, and even if we do prevail, we may not obtain a meaningful recovery. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. Any failure in maintaining, protecting or enforcing our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We may be liable for infringement relating to intellectual property of third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could materially disrupt our business.

We cannot be certain that our services, information system, information provided on our website, Mofang Life App, WeChat mini program do not or will not infringe patents, copyrights or other intellectual property rights held by third parties. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights.

The validity, enforceability and scope of intellectual property rights protection in internet-related industries, particularly in China, are uncertain and still evolving. Since there is increasing competition in the rental apartment market and litigation is frequently used to resolve disputes in China, we face a higher risk of being the subject of intellectual property infringement claims.

We depend on third parties for different aspects of our business and the services that we offer. Our business, results of operations, financial condition and reputation may be materially and adversely affected if the third parties do not continue to maintain or expand their relationship with us, or fail to provide services or products according to the terms of our contracts or otherwise below standard.

We depend on third parties for different aspects of our business, including apartment design, renovation, construction, leasing out, and maintenance. In addition, we rely on third parties for the provision of value-added services to our residents. Selecting, managing and supervising these third-party service providers require significant resources and expertise. Poor performance by such third-party service providers or misconduct or fraud on the part of their employees may reflect poorly on us and could significantly damage our reputation. In the event of fraud or misconduct by a third party, we could also be exposed to material liability and be held responsible for damages, fines or penalties and our reputation may suffer. If we do not select, manage and supervise appropriate third parties to provide these services and products, our reputation and financial results may be materially and adversely impacted.

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The service or cooperative agreements we have signed with third party vendors, service providers or strategic partners are subject to a term, and not on an exclusive basis. If the third-party service providers or strategic partners do not continue to maintain or expand their relationships with us, we would be required to seek new alternative service providers or partners, which could adversely affect our operations and the range and quality of the products and services that we offer. Moreover, our strategic partners may compete with us or enter into strategic cooperation with our competitors, which may materially and adversely affect our business and competitive position.

We cooperate with third parties for the cleaning of common areas in the apartments, broadband internet access and other products and services provided to our residents. The level of satisfaction of our residents may be adversely affected as a result of any disruption to or termination of services offered by our service providers or partners. In addition, as our service providers have plenty of opportunities to interact with our residents, we may not successfully detect and prevent fraud, misconduct or incompetence of our service providers, including their employees, or ensure the quality or stability of their services, which may adversely affect our business and reputation.

Our success depends on the continuing efforts of our key management and experienced and capable personnel generally as well as our ability to preserve our corporate culture and values. As our business expands, we need to continuously recruit employees to develop our online and offline capabilities. If we fail to hire, retain and motivate our staff, our business may suffer.

Our future success is significantly dependent upon the continued service of our key management as well as experienced and capable personnel generally. In particular, Ms. LIU Jia, our Chief Executive Officer, has been crucial to the development of our culture and strategic direction. If we lose the services of any member of key management, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth. If any member of our key management joins a competitor or forms a competing business, we may lose customers, know-how and key professionals and staff members. Our management has entered into employment agreements and confidentiality and non-competition agreements with us. However, if any dispute arises between any of our management member and us, we may have to incur substantial costs and expenses in order to enforce such agreements in China or we may be unable to enforce them at all.

We believe that a critical component of our success is our corporate culture and values, which have generated strong cohesiveness that has attracted and retained many employees. As we continue to expand and grow our business, we may find it difficult to maintain these valuable aspects of our corporate culture and values. Any failure to preserve our corporate culture and values could negatively impact our ability to attract and retain employees, which would in turn jeopardize our future success.

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Our rapid growth also requires us to hire and retain a wide range of employees who can adapt to a dynamic, competitive and challenging business environment and are capable of helping us develop online and offline capabilities. We have established Mofang Academy to train our staff and cultivate our next generation of leaders, which we believe solidifies our foundation for sustainable growth. As of December 31, 2022, Mofang Academy offered over 220 courses designed for management trainees, mid-to-senior level employees and on-site staff in charge of daily operation of our apartment communities. We will need to continue to attract and retain experienced and capable personnel at all levels as we expand our business and operations. In particular, our on-site managers are responsible for managing our apartment communities and interact with our residents on a daily basis and are critical to maintaining the consistent and high-quality living experiences that we provide for our residents, as well as our established brand and reputation. We aim to recruit, train and retain entrepreneurial, motivated and resident-oriented managers with backgrounds and experience in rental apartment services and other related industries. We must recruit and train qualified managers on a timely basis to keep pace with our rapid growth. There may be a limited supply of such qualified managers in some of the markets in China where we have operations and other cities into which we intend to expand. In addition, criteria such as dedication to work and commitment to high-quality customer service are difficult to ascertain during the recruitment process. We also must provide continuous training for our managers so that they can stay abreast of changes in our apartment operations and consumer preferences and demands, and meet and implement our quality standards. If we fail to recruit, train and retain qualified managers, our quality standards may decrease in one or more of our apartment communities and our operation may be adversely affected, which in turn may have a material and adverse impact on our brands, business, financial condition and results of operations.

We recorded a net loss for the years ended December 31, 2020 and December 31, 2022 and we may experience net losses in future periods.

We recorded a net loss of RMB230.3 million for the year ended December 31, 2020 and a net loss of RMB246.6 million for the year ended December 31, 2022, primarily due to the decrease in the average monthly rental rate and average occupancy rate caused by the COVID-19 outbreaks in China, as the pandemic-related restrictions dampened rental needs and impeded our efforts to attract potential residents. For the year ended December 31, 2021, we had a net profit of RMB301.9 million. However, we could incur net losses again in the future. Our future revenue growth and profitability will depend on a variety of factors, including the other risks described in this document, many of which are beyond our control. Our ability to maintain profitability will depend in large part on our ability to control our costs and expenses which we expect to increase as we further develop and expand our apartment network. We may also further encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If we fail to increase revenue at the rate we anticipate or if our expenses increase at a faster rate than our revenue, we may not be able to improve our profitability or remain profitable. In addition, unfavorable market conditions are likely to result in a higher amount of net fair value loss of investment properties incurred by us, which may also have material adverse impact on our profitability in future periods.

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We face risks associated with our investments, including exposure to fair value changes of financial assets at fair value through profit or loss and valuation uncertainty due to the use of unobservable inputs that require judgement and assumptions which are inherently uncertain. The fair value change for financial assets at fair value through profit or loss would affect our financial performance.

We currently invest a portion of our capital in investments. During the Track Record Period, we had invested in debt, equity and wealth management products and may, from time to time, invest in such products in the future. For the years ended December 31, 2020, 2021 and 2022, we recorded changes in fair value of financial assets and liabilities at fair value through profit or loss of RMB38.1 million, RMB29.5 million and RMB19.9 million as profits, respectively. We use significant unobservable inputs, such as expected volatility, discount for lack of marketability, risk-free rate and expected rate of return, in valuing such financial assets. The fair value change of financial assets at fair value through profit or loss may significantly affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of such financial assets. These factors include, but are not limited to, general economic conditions, changes in market interest rates and the stability of capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could materially and adversely affect our results of operations and financial condition.

Furthermore, our investments may earn yields substantially lower than anticipated, and the fair values of our investments may fluctuate significantly, which contribute to the uncertainties in valuation. Any failure to realize the benefits we expected from these investments may materially and adversely affect our business and financial results. Any change in securities prices and market conditions could lead to volatility in the fair values of our financial assets at fair value through profit or loss, which could further impact our financial condition and results of operations and may also impact our ability to dispose of these financial instruments at favorable prices.

We may not be able to fully collect our trade and loan receivables generated in the course of our business, which could lead to the impairment of our trade and loan receivables. We might also be subject to impairment losses on finance lease receivables and prepayments, other receivables and other assets.

We are subject to credit risks in relation to trade and loan receivables generated in the course of our business. If our customers, for any reason, experience any difficulty in their operations, we may encounter difficulties in collecting rents from certain corporate customers of our blue collar dormitories, and rents from third party merchants of our commercial leases. If our business relationships with the foregoing parties and/or other relevant parties are terminated or scaled back, or the cooperative arrangements between the foregoing parties/other relevant parties and us are altered, or if the foregoing parties and/or other relevant parties experience financial difficulties, we may not collect the corresponding trade and loan receivables, which could materially and adversely affect our financial position and liquidity. We strive to collect overdue rents through a number of collection measures, such as collecting prepayment and deposit. However, there can be no assurance that these measures will be effective.

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As of December 31, 2020, 2021 and 2022, the gross carrying amount of our trade receivables was RMB14.6 million, RMB45.9 million, and RMB37.4 million, respectively; the gross carrying amount of our loan receivables was RMB121.1 million, RMB16.3 million, and RMB9.6 million, respectively; the gross carrying amount of our finance lease receivables was RMB158.7 million, RMB253.2 million, and RMB276.7 million, respectively; the gross carrying amount of prepayments, other receivables and other assets was RMB359.4 million, RMB406.3 million, and RMB123.9 million, respectively; and the gross carrying amount of other non-current assets was RMB72.1 million, RMB129.5 million, and RMB141.6 million, respectively. In 2020, 2021 and 2022, our impairment loss recognized in profit or loss was RMB2.3 million, RMB3.6 million, and RMB8.3 million, respectively. Specifically, in 2020 and 2021, our impairment loss for finance lease receivables recognized in profit or loss was RMB1.3 million and RMB1.0 million, respectively. In 2022, we recognized impairment loss of RMB2.2 million for finance lease receivables recognized in profit or loss.

As of December 31, 2020, 2021 and 2022, our loss allowance for impairment of trade receivables was RMB2.6 million, RMB3.3 million and RMB7.3 million, respectively. Moreover, as of December 31, 2020, 2021 and 2022, our loss allowance for impairment of loan receivables was RMB0.3 million, RMB2.1 million and RMB0.1 million, respectively. We made such provisions for impairment of trade and loan receivables based on expected credit losses. Similarly, we might be subject to impairment losses on prepayments, other receivables and other assets. Our prepayments, other receivables and other assets primarily consist of prepayments to suppliers, deductible value-added tax recoverable, loan receivables from shareholders, other receivables from a shareholder, interest receivables, amount due from associates and joint ventures and other assets. As of December 31, 2020, 2021 and 2022, our loss allowance for impairment of prepayments, other receivables and other assets was RMB14.9 million, RMB6.0 million and RMB3.5 million, respectively.

We could have bad debts in the future. In the event that the actual recoverability of trade receivables, loan receivables, finance lease receivables, and prepayments, other receivables and other assets is lower than the expected level, we may need to provide allowance for impairment of trade receivables, loan receivables, prepayments, other receivables and other assets, which could adversely affect our cash flow position and our ability to meet our working capital requirements, thereby materially and adversely affecting our business, financial condition and results of operations.

The fair value of our investment properties fluctuated during the Track Record Period. We expect to continue to recognize loss on changes in fair value of investment properties in the future not least due to the gradual reduction in the lease terms of our investment properties.

We recognized loss on changes in fair value of investment properties of RMB496.7 million, RMB241.4 million, and RMB776.6 million in 2020, 2021 and 2022, respectively. We expect to continue to recognize loss on changes in fair value of investment properties in the future as we expand our apartment operation business under the leased-and-operated model. In addition, we use unobservable inputs, such as historical assumed capitalization rate and

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prevailing market rents, in valuing our investment properties. The fair value change of investment properties may affect our financial position and results of operations. Accordingly, such determination requires us to make significant estimates, which may be subject to material changes, and therefore inherently involves a certain degree of uncertainty. Factors beyond our control can significantly influence and cause adverse changes to the estimates we use and thereby affect the fair value of our investment properties. These factors include, but are not limited to, general economic conditions, changes in market interest rates and stability of the capital markets. Any of these factors, as well as others, could cause our estimates to vary from actual results, which could affect our results of operations and financial condition.

Our results of operations have been affected, and will continue to be affected, by the performance of our joint ventures and associates, and our investments in joint ventures and associates are subject to liquidity risk and possible impairment loss.

The performance of our joint ventures and associates has affected, and will continue to affect, our results of operations and financial position. For the years ended December 31, 2020, 2021 and 2022, our share of profits of joint ventures and associates was RMB11.4 million, RMB27.9 million and RMB11.1 million, respectively.

Our investment in joint ventures and associates are subject to liquidity risk. Our investments in joint ventures and associates are not as liquid as other investment products as there is no cash flow until dividends are received even if our joint ventures and associates report profits under equity accounting. Furthermore, our ability to promptly sell one or more of our interests in the associates or joint ventures in response to changing economic, financial and investment conditions is limited. The market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our interests in the associates or joint ventures for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the relevant transaction. Therefore, the illiquid nature of our investment in associates or joint ventures may significantly limit our ability to respond to adverse changes in the performance of our joint ventures and associates. In addition, if there is no share of results or dividends from our associates or joint ventures, we will also be subject to liquidity risk and our financial condition and results of operations could be materially and adversely affected.

We may also have to recognize our share of the comprehensive income or loss of our joint ventures and associates, including our share of any impairment loss recorded by our joint ventures and associates on their own underlying assets. Separately, our investment may be impaired and we may be required to test the carrying amount for impairment if objective evidence of impairment exists. Impairment testing for associates and joint ventures also requires significant judgments and estimates to be made. If our investment is impaired, our financial condition may be materially and adversely affected.

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Impairment of goodwill and other intangible assets could materially and adversely affect our financial condition and results of operations.

We record goodwill primarily in connection with acquisitions. We review our goodwill before the end of the reporting period. We did not recognize impairment losses of goodwill during the Track Record Period. Determining whether goodwill is impaired requires an estimate of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of value in use or fair value less costs of disposal. Impairment of some or all of the remaining goodwill on our consolidated statements of financial position could have a material adverse impact on our profitability. In addition, other intangible assets primarily include our software, and acquired management contracts that we took over as a result of our acquisitions. An impairment of goodwill or other intangible assets could have a material adverse impact on our financial condition and results of operations. For more information on our good will and other intangible assets, see the section headed “Financial Information.”

Uncertainties related to the recoverability of our deferred tax assets could materially and adversely affect our results of operations.

We recorded deferred tax assets of RMB126.9 million, RMB184.1 million and RMB219.1 million as of December 31, 2020, 2021 and 2022, respectively. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of the regulatory environment, in which case, we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our results of operations and financial position.

Government grants currently received by us may be reduced or discontinued in the future.

During the Track Record Period, we recorded government grants primarily from local government authorities. These government grants have been provided in recognition of our achievements and contribution to local economy. For the years ended December 31, 2020, 2021 and 2022, we recognized government grants of RMB11.4 million, RMB35.5 million, and RMB19.2 million, respectively. See “Appendix I – Accountants’ Report – II Notes to the Historical Financial Information – 5. Revenue, Other Income and Gains” for further details. We cannot assure you that we will continue to be eligible to receive such government grants or that the amount of such grants will not be reduced in the future. Our ability to continue to enjoy government grants is subject to changes in national or local policies that affect the validity of our agreements with the relevant local government authorities and the availability of similar preferential arrangements, and may be affected by the termination of, or amendments to, such agreements for any number of reasons, including those beyond our control. Moreover, we cannot assure you that we will be able to enter into new agreements with local government authorities that provide government grants to us on similar terms. Any decrease in or termination of such government grants in the future may have a material and adverse effect on our financial condition, results of operations and growth prospects.

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We have granted, and may continue to grant options and other types of awards under our share incentive plans, which may result in increased share-based compensation expenses and dilution to the shareholding of existing shareholders. Share-based compensation expenses would affect our financial performance and may dilute [REDACTED] shareholdings.

We operate the 2017 Pre-[REDACTED] Share Option Plan and the 2020 Pre-[REDACTED] Share Option Plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Eligible participants thereof include our directors, senior executives and other employees. As of the Latest Practicable Date, our Company had granted options totaling 47,468,057 to 740 individual grantees. See “Appendix V – Statutory and General Information – D. Pre-[REDACTED] Share Option Plans”.

We incurred share-based compensation payments RMB14.9 million, RMB16.3 million and RMB66.3 million in 2020, 2021 and 2022, respectively. Share-based compensation expenses would affect our financial performance and may dilute [REDACTED] shareholdings. As of the Latest Practicable Date, options to purchase a total of 47,468,057 Shares had been granted under the 2017 Pre-[REDACTED] Share Option Plan and 2020 Pre-[REDACTED] Share Option Plan, including 38,786,487 Shares that will be issued pursuant to the exercised options under the 2017 Pre-[REDACTED] Share Option Plan and the 2020 Pre-[REDACTED] Share Option Plan on the [REDACTED] and 8,681,570 Shares that may be issued when the corresponding options granted under the 2017 Pre-[REDACTED] Share Option Plan and the 2020 Pre-[REDACTED] Share Option Plan become exercisable after the completion of the [REDACTED]. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with equity-settled share-based compensation may increase, which may have an adverse effect on our results of operations and financial performance.

Meanwhile, granting options and other types of awards under our share incentive plans may result in dilution to the shareholding of existing shareholders. As of the Latest Practicable Date, the Shares underlying the Outstanding and Unexercised Options (i.e. 8,681,570 options) represented approximately [REDACTED] of the total issued and outstanding Shares of our Company. Assuming full issuance of Shares underlying the Outstanding and Unexercised Options (i.e. 8,681,570 options), and assuming (i) the [REDACTED] is not exercised; (ii) 38,786,487 Shares will be issued pursuant to the Exercised Pre-[REDACTED] Options; and (iii) each Preferred Share will be converted to an Ordinary Share on a one-to-one basis upon the [REDACTED], the shareholding of our Shareholders immediately following completion of the [REDACTED] will be diluted by approximately [REDACTED].

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Increases in labor costs and raw materials and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and financial condition.

Labor costs in China have risen in recent years as a result of a variety of factors, such as the enactment of new labor laws and social development. Given that all of our employees are currently located in China, rising labor costs in China will increase our personnel expenses. In addition, we have witnessed growing inflation rates in China, where we procure our raw materials for renovation of apartments, leading to higher costs of raw materials for us to pay. We may not be able to pass on rising costs as a result of higher labor costs and increasing raw material prices to our customers in the form of higher rents. Accordingly, our financial condition may be adversely affected if labor costs and raw material prices continue to rise in the future.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local governments from time to time at our existing locations. The requirement of employee benefit plans has not been implemented consistently by the local governments in China given the different levels of economic development in different locations. Companies operating in China are also required to withhold individual income tax on employees’ salaries based on the actual salary of each employee upon payment.

In addition, we have been subject to strict regulatory requirements in terms of entering labor contracts with our employees and paying various statutory employee benefits, including pensions, housing provident funds, medical insurance, work-related injury insurance, unemployment insurance and childbearing insurance to designated government agencies for the benefit of our employees. Pursuant to the PRC Labor Contract Law, as amended, or the Labor Contract Law, and its implementation rules, employers are subject to various requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees’ probation and unilaterally terminating labor contracts. The Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) also impose stringent requirements on the use of employees of temp agencies (i.e., “dispatched workers”), who shall not exceed 10% of the total number of a company’s workforce. In the event that we decide to lay off some of our employees or otherwise change our employment or labor practices, the Labor Contract Law and its implementation rules may limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. Under the PRC Social Insurance Law and the Administrative Measures on Housing Fund, employees are required to participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance, maternity insurance, and housing provident fund, and employers are required, together with their employees or separately, to pay the social insurance premiums and housing provident funds for their employees. Employers that fail to make adequate social insurance and housing provident fund contributions may be subject to fines and legal sanctions. We could be deemed to have failed to pay certain social insurance and housing fund contributions under the relevant PRC laws and regulations. If the relevant

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PRC authorities determine that we shall make supplemental contributions, that we are not in compliance with labor laws and regulations, or that we are subject to fines or other legal sanctions, such as order of timely rectification, our business, financial condition and results of operations may be adversely affected.

During the Track Record Period, some of our PRC subsidiaries engaged third-party human resources agencies to pay social insurance premiums and housing provident funds for certain of our employees. This was primarily because we were short of human resource staff at certain locations where we conducted business and these agencies could assist us in contributing to the social insurance premiums and housing provident funds for our local employees. As of the Latest Practicable Date, we had not received any administrative penalty or labor arbitration application from employees for the agency arrangement with third-party human resources agencies. However, since whether the practice of engaging third-party human resources agencies to pay social insurance premiums and housing provident funds is legal remains unclear under PRC laws and regulations, we cannot assure you that such practice on our part will not be deemed as a violation of laws or regulations by relevant PRC authorities or will not subject us to any administrative penalties or statutory liability. As advised by our PRC Legal Advisors, whether the practice of engaging third-party human resources agencies to pay social insurance and housing provident funds can fully satisfy the requirements under PRC laws and regulations remains unclear. If the relevant competent government authority is of the view that such arrangement of engaging third-party human resources agencies to pay for social insurance and housing provident funds contribution does not satisfy the requirements under relevant PRC laws and regulations, (i) in respect of social insurance, we might be ordered to pay the outstanding balance within a certain period of time and a late fee that equals to 0.05% of the total outstanding balance per day from the date of the failure to make payment, failing which we may be subject to a fine ranging from one to three times of the total outstanding balance; and (ii) in respect of housing provident funds, we may be ordered to pay the outstanding balance to the relevant local government authority within a prescribed period of time, failing which the government authority can apply to the People’s Court for compulsory enforcement, but no penalties are provided for under the relevant PRC laws and regulations. However, as advised by our PRC Legal Advisors, the likelihood that we would be subject to administrative penalties due to paying social insurance fund and housing provident funds through third-party human resources agencies is low, considering that: (i) during the Track Record Period we have fully paid social insurance and housing provident funds for our staff including engaging third-party human resources agencies for such payments, (ii) the third-party human resources agencies have confirmed in writing to us that during the Track Record Period, they have fully paid social insurance and housing provident funds for the staff of relevant PRC subsidiaries as instructed by us, (iii) none of the relevant PRC subsidiaries received any administrative penalty, as confirmed by competent local departments, for the arrangement with the third-party human resources agencies during the Track Record Period, and (iv) none of the relevant PRC subsidiaries received any compulsory enforcement by the People’s Court in respect of housing provident funds during the Track Record Period. During the Track Record Period, usually at the request of certain employees, there were also exceptional instances in which we paid social insurance premiums and housing provident funds for some of our employees in other cities rather than the cities whose authorities regulating

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their employment contracts with us. While we had not received any administrative penalty or employee complaint due to such an arrangement as of the Latest Practicable Date, we cannot assure you that we will not be required to rectify such arrangement or be subject to any penalties or economic losses.

Furthermore, as the interpretation and implementation of labor-related laws and regulations are still evolving, we cannot assure you that our employment practices do not and will not violate labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

If we fail to maintain effective internal control measures to identify deficiencies and manage risks, our business could be materially and adversely affected.

We have established our internal control system, such as an organizational framework and, policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. However, due to the inherent limitations in the design and implementation of our risk management system, our risk management system may not be sufficiently effective in identifying, managing and preventing all deficiencies or risks if external circumstances change substantially or extraordinary events take place.

Furthermore, our new business initiatives may give rise to additional risks that are currently unknown to us, despite our efforts to anticipate such issues. If our risk management system fails to detect potential risks in our business as intended or is otherwise exposed to weaknesses and deficiencies, our business, financial condition and results of operations could be materially and adversely affected.

Our success depends on our ability to effectively utilize our standardized management system, information systems, resources and internal controls. As we continue to expand, we will need to modify and improve our financial and managerial controls, reporting systems and procedures and other internal controls and compliance procedures to meet our evolving business needs. If we are unable to improve our internal controls, systems and procedures, they may become ineffective and adversely affect our ability to manage our business and cause errors or information lapses that affect our business. Our efforts in improving our internal control system may not result in eliminating all risks. If we are not successful in discovering and eliminating weaknesses in our internal controls, our ability to effectively manage our business may be affected.

Our risk management also depends on effective implementation by our employees. There can be no assurance that such implementation by our employees will always function as intended or such implementation will not involve any human errors, mistakes or intentional misconduct. If we fail to implement our policies and procedures in a timely manner, or fail to identify risks that affect our business with sufficient time to plan for contingencies for such

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events, our business, financial condition and results of operations could be materially and adversely affected, particularly with respect to the maintenance of our relevant approvals and licenses granted by governments.

We face risks related to catastrophic weather, natural disasters, political unrest, climate change, health epidemics and other outbreaks, which could significantly disrupt our operations.

We are vulnerable to catastrophic weather, natural disasters and other calamities. Some of our apartments are located in areas that may experience catastrophic weather and other natural events from time to time, including earthquakes, mudslides, fires, typhoons, tornadoes, floods, snow, ice storms, or other severe inclement weather. We may also experience power loss or telecommunications failures. Such events may cause physical damage to our apartments, injure our residents and result in negative publicity about us, which may in turn cause a decrease in demand for our apartments in these areas. Additionally, the accidental death or injury of our residents due to fire, natural disasters or other hazards could have a material and adverse effect on our business and results of operations. Our insurance coverage may not cover all losses associated with such events, which could have an adverse impact on our financial condition and results of operations. See “– Our limited insurance coverage may expose us to losses, which may have a material adverse effect on our reputation, business, financial condition and results of operations.” Furthermore, such events may give rise to server interruptions, breakdowns, system failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide our services.

We may experience break-ins, war, riots, terrorist attacks or similar events. Actual or threatened such events and other acts of violence or war could have a material and adverse effect on our business and operating results. Attacks that directly impact one or more of the properties under our management could significantly affect our ability to operate those properties and thereby impair our ability to achieve our expected results. In addition, the adverse effects that such violent acts and threats of future attacks could have on the Chinese economy could similarly have an adverse impact on our financial condition and results of operations.

Our business could also be adversely affected by the effects of COVID-19, monkeypox, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having COVID-19, monkeypox, Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, SARS or another contagious disease or condition, since it could require our employees to be quarantined and/or our apartment communities to be disinfected. In addition, our results of operations could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general. See “– The COVID-19 pandemic has adversely affected, and may continue to adversely affect, our business, results of operations and financial condition.”

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Because we are incorporated under the laws of the Cayman Islands, you may face difficulties in protecting your interests, and your ability to protect your rights through Hong Kong courts or the U.S. courts may be limited (depending on the remedies you are seeking).

Our Company is an exempted company incorporated in the Cayman Islands with limited liability and the laws of the Cayman Islands differ in some respects from those of Hong Kong or other jurisdictions where investors may be located. The corporate affairs of our Company are governed by the Memorandum and the Articles, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take legal action against our Company and/or our Directors, actions by minority Shareholders and the fiduciary duties of our Directors to our Company under Cayman Islands laws 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 (except for those decisions handed down from the Judicial Committee of the Privy Council to the extent that these have been appealed from the Cayman Islands courts), authority on a court in the Cayman Islands. Shareholders may have different remedies in exercising their rights in the face of actions taken by the management of our Company, Directors or major Shareholders than they would as shareholders of a Hong Kong company or company incorporated in other jurisdictions. Such differences could mean that minority Shareholders could have different protections than they would have under the laws of Hong Kong or other jurisdictions with which minority Shareholders are more familiar.

We have no prior experience operating as a public company and we may have to incur substantial costs for meeting enhanced administrative and compliance requirements after becoming a public company.

We have no experience conducting our operations as a stand-alone public company. After we become a stand-alone public company, we may face enhanced administrative and compliance requirements, which may result in substantial costs.

In addition, since we are becoming a [REDACTED] company, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, [REDACTED] and securities and [REDACTED] relationships. As a stand-alone public company, 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.

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Increasing focus on 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 (“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 also increasingly focus 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 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 our business, financial condition, and the [REDACTED] of our Shares could be materially and adversely effected. For details about our recent efforts in and further plan of improving our ESG practices, see “Business – Social Responsibility, Health, Safety and Environmental Impact.”

RISKS RELATED TO DOING BUSINESS IN CHINA

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is based on written statutes, and court decisions have limited precedential value. The PRC legal system is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and the enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to predict the outcome of a judicial or administrative proceeding than in more developed legal systems. Furthermore, the PRC legal system is based, in part, on government policies and internal rules, some of which are not published in a timely manner, or at all, but which may have retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability in the laws, regulations and policies governing our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

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We are subject to changes in economic, political and social conditions and government policies in the PRC.

Substantially all of our revenues are sourced from China. Accordingly, our results of operations, financial condition and prospects are influenced by the economic, political, social and legal developments in China. The economic reforms which begun in the late 1970s have resulted in significant economic growth. However, any economic reform policies or measures in China may from time to time be modified or revised. China’s economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, the level of development, the growth rate, the control of foreign exchange and the allocation of resources. While the PRC economy has experienced significant growth in the past years, growth has been uneven across different regions and among different economic sectors.

The PRC government exercises significant control over China’s economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the PRC economy has grown significantly in the past decade, that growth may not continue, as evidenced by the slowing of the growth of the PRC economy in recent years. Any adverse changes in the economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of the country. Such developments could adversely affect our business and operating results, lead to a reduction in demand for our services and adversely affect our competitive position.

Rapid urbanization and changes in zoning and urban planning in China may cause our apartment communities to be demolished, expropriated or otherwise affected.

China is undergoing a rapid urbanization process, and zoning requirements and other governmental mandates with respect to the urban planning of a particular area may change. The PRC government has the statutory power to acquire or demolish any land in the PRC for reason of changes in urban planning or zoning or otherwise. When zoning requirements or other governmental mandates change with respect to the areas where our apartments are located, the affected apartments may need to be demolished or removed. As a result, we may have to relocate our apartments to other locations. We have experienced such demolition and relocation in the past and we may encounter additional demolition and relocation cases in the future. Our apartments could suffer from demolitions or interruptions due to zoning or other local regulations in the future. Any such demolition and relocation could cause us to lose primary locations for our apartments and cause the licenses and permits held for the apartments facing demolition to not be renewed or even be revoked, and we may not be able to achieve comparable operational results following the relocations. While we may be reimbursed for such demolition and relocation, we cannot assure you that the reimbursement, as determined by the relevant government authorities, will be sufficient to cover our direct and indirect losses. Accordingly, our business, results of operations and financial condition may be materially and adversely affected.

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It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigations that are common in the United States (including securities law class actions and fraud claims) generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Furthermore, according to Article 177 of the PRC Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator may directly conduct investigations or collect evidence and no entities or individuals may provide documents or materials in connection with securities activities without proper authorization as stipulated under Article 177. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigations or collect evidence within China may further increase difficulties faced by you in protecting your interests.

Governmental control over currency conversion may affect the value of your investment and limit our ability to utilize our cash effectively.

The Renminbi is not currently a freely convertible currency as the Chinese government imposes controls on the convertibility of Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our payments from customers in Renminbi and will need to convert Renminbi into foreign currencies for the payment of dividends, if any, to holders of our Shares. Shortages in the availability of foreign currency may restrict the ability of our subsidiaries in China to remit sufficient amount of foreign currency to pay dividends or make other payments to us, or otherwise to satisfy their foreign currency-denominated obligations. Under the existing foreign exchange regulations in China, following the completion of the [REDACTED], we can pay dividends in foreign currencies without obtaining prior approval from the SAFE or its local branches by complying with certain procedural requirements. However, the Chinese government may take measures at its discretion in the future to restrict access to foreign currencies if foreign currencies become scarce within China. We may not be able to pay dividends in foreign currencies to our shareholders if the Chinese government restricts access to foreign currencies. In addition, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of China.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds from the offshore financing to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the

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requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local counterparts, and (ii) the medium- or long-term debts with a maturity period of one year or above shall be registered with the NDRC before the issuance, and the information on the issuance shall be reported to the NDRC within 10 working days after the completion of the issuance. We may not be able to complete such filings or registrations on a timely basis, or at all, with respect to the capital contributions or foreign loans by us to our PRC subsidiaries. If we fail to complete such filings or registrations, our ability to use the proceeds from our offshore financing and to fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Fluctuations in exchange rates may have a material adverse impact on your [REDACTED].

The exchange rate of the Renminbi fluctuates against the Hong Kong dollar, U.S. dollar and other foreign currencies and is affected by, among other factors, the policies of the PRC government and changes in international and domestic political and economic conditions. From 1995 to July 20, 2005, the conversion of the Renminbi into foreign currencies was based on fixed rates set by the PBOC. However, effective from July 21, 2005, the PRC government decided to permit the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On November 30, 2015, the Executive Board of the International Monetary Fund completed a regular five-year review of the basket of currencies that make up the Special Drawing Right and determined that, effective from October 1, 2016, the Renminbi would be included in the Special Drawing Right basket as a fifth currency along with the U.S. dollar, the Euro, the Japanese yen and the British pound. It is difficult to predict how market forces and the PRC government’s policies will continue to impact Renminbi exchange rates going forward. In the light of the trend towards Renminbi internationalization, the PRC government may announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar, U.S. dollar or other foreign currencies.

Substantially all of our revenue, liabilities and assets are denominated in Renminbi, while our [REDACTED] from the [REDACTED] will be denominated in Hong Kong dollars. Material fluctuations in the exchange rate of the Renminbi against the Hong Kong dollar may materially impact the value and amount of any dividends payable on our Shares. For example, the significant appreciation of the Renminbi against the Hong Kong dollar could reduce the amount of Renminbi received from converting [REDACTED] or proceeds from future financing efforts to fund our operations. Conversely, the significant depreciation of the Renminbi may increase the cost of converting our Renminbi-denominated cash flow into Hong Kong dollars, thereby reducing the amount of cash available for paying dividends on our Shares or carrying out other business operations.

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Inflation in the PRC could negatively affect our profitability and growth.

In the past, the economic growth in the PRC was sometimes affected by inflation. In response, the PRC government has implemented policies from time to time to control inflation, such as restricting the availability of credit by imposing tighter bank lending policies or higher interest rates. The PRC government may take similar measures in response to future inflationary pressures. Inflation without the PRC government’s mitigation policies would likely increase our costs, thereby materially reducing our profitability. We cannot assure you that we will be able to pass any additional costs to our customers. On the other hand, such control measures may also lead to slower economic activities and we may see reduced demands for our services.

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

On August 8, 2006, six PRC regulatory authorities, including the MOFCOM and other government authorities jointly issued the Rules on Mergers and Acquisitions of Domestic Enterprise by Foreign Investors (《關於外國投資者併購境內企業的規定》) which was effective as of September 8, 2006, and amended on June 22, 2009 (the “M&A Rules”). The M&A Rules, and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if any important industry is concerned, such transaction involves factors that impact or may impact national economic security, or such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honoured brand. Moreover, the Anti-monopoly Law of the PRC (《中華人民共和國反壟斷法》) promulgated by the SCNPC effective in August 2008 and amended on August 1, 2022, and the Provisions of the State Council on the Thresholds for Declaring Concentration of Business Operators (《國務院關於經營者集中申報標準的規定》) require that transactions which are deemed concentrations and involve parties with specified turnover thresholds (meaning during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB10 billion and at least two of these operators each had a turnover of more than RMB400 million within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion, and at least two of these operators each had a turnover of more than RMB400 million within China) must be cleared by anti-monopoly enforcement authority before they can be completed.

In addition, in 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《國務院辦公廳關於建立外國投資者併購境內企業安全審查制度的通知》), also known as Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, MOFCOM

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promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition 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》), effective in September 2011, to implement Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having “national defense and security” concerns and mergers and acquisitions by which foreign investors may acquire the “de facto control” of domestic enterprises with “national security” concerns. Under the foregoing MOFCOM regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to a security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the NDRC, and MOFCOM under the leadership of the State Council, to carry out security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company engaged in the internet content business requires security review, and there is no requirement that acquisitions completed prior to the promulgation of the Security Review Circular are subject to MOFCOM review.

On December 19, 2020, the NDRC and MOFCOM jointly promulgated the Measures on the Security Review of Foreign Investment (《外商投資安全審查辦法》), effective on January 18, 2021, setting forth provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others. The Office of the Working Mechanism of the Security Review of Foreign Investment (外商投資安全審查工作機制辦公室) (the “**Office of the Working Mechanism**”) will be established under NDRC, who will lead the task together with MOFCOM. Foreign investor or relevant parties in China must declare the security review to the Office of the Working Mechanism prior to the investments in, among other industries, important cultural products and services, important information technology and internet products and services, important financial services, key technologies and other important fields relating to national security, and obtain control in the target enterprise.

In the future, we may 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 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.

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PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits to us or otherwise expose us to liability and penalties under PRC law.

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. The SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control for Overseas Investment and Financing and Roundtripping by Chinese 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》) (“SAFE Circular 37”) in July 2014 and replaced the SAFE Circular 75. SAFE Circular 37 requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations 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. According to the Notice on Further Simplifying and 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》) released in February 2015 by SAFE, as amended in December 2019, or SAFE Circular 13, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 2015.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches or local banks, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our 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 restrictions.

We may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make or update such registrations, and we cannot compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries’ ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

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If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders.

Under the PRC Enterprise Income Tax Law (the “**EIT Law**”) (《中華人民共和國企業所得稅法》), promulgated on March 16, 2007, and effective on January 1, 2008, and most recently amended on December 29, 2018 and effective on the same date, and its implementation rules, an enterprise established outside of the PRC with a “de facto management body” within the PRC is considered a PRC resident enterprise. 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, productions, personnel, accounts and properties of an enterprise.

In 2009, the STA issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as the PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) which was most recently amended in December 2017, or the Circular 82, which 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. The STA issued Chinese-Controlled Offshore Incorporated Resident Enterprises Income Tax Regulation (《境外註冊中資控股居民企業所得稅管理辦法(試行)》), or the Bulletin 45, which took effect on September 1, 2011, and was most recently amended on June 15, 2018, to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of Chinese-controlled offshore incorporated resident enterprises. Bulletin 45 also provides procedures and administrative details for the determination of resident status and administration of post-determination matters. Although Circular 82 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 STA’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 enterprise 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) senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (ii) decisions relating to the enterprise’s financial matters (such as loan, financing and financial risk management) and human resource matters (such as appointment, dismissal and remuneration) are made or are subject to determination or approval by organizations or personnel in the PRC; (iii) the enterprise’s primary assets, accounting books and records, company seals, 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.

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We believe that 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 the interpretation of the term “de facto management body.” If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we will be subject to the enterprise income tax on our global income at the rate of 25% and we will be required to comply with PRC enterprise income tax reporting obligations. In addition, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises. In addition, non-resident enterprise shareholders may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of the shares, if such income is treated as sourced from within the PRC. Furthermore, if PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends paid to our non-PRC individual shareholders and any gain realized on the transfer of the shares by such holders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us), if such gains are deemed to be from PRC sources. These rates may be reduced by an applicable tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise, but it is unclear whether our non-PRC shareholders 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 shares.

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

We are a Cayman Islands holding company and we may rely principally on dividends and other distributions on equity from our PRC subsidiaries for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders for services of any debt we may incur. If any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under PRC laws and regulations, our PRC subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends.

Our PRC subsidiaries generate essentially all of their revenue in Renminbi, which is not freely convertible into other currencies. As a result, although foreign investment enterprises are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to us.

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The PRC government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our PRC subsidiaries to pay dividends or make other kinds of payments 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.

In addition, the Enterprise Income Tax Law and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non- PRC resident enterprises are incorporated.

RISKS RELATED TO THE [REDACTED]

There has been no prior [REDACTED] for our Shares, and their liquidity and market [REDACTED] following the [REDACTED] may be volatile.

Prior to the [REDACTED], there was no [REDACTED] for our Shares. The indicative [REDACTED] range and the [REDACTED] will be determined by negotiations between us and the [REDACTED] and the [REDACTED] (for themselves and on behalf of the [REDACTED]), and they may differ significantly from the market [REDACTED] of our Shares following the [REDACTED].

We have applied to [REDACTED] and [REDACTED] our Shares on the Stock Exchange. However, even if approved, there can be no guarantee that: (i) [REDACTED] will develop; or (ii) if such a [REDACTED] does develop, it will be sustained following completion of the [REDACTED]; or (iii) the market [REDACTED] of our Shares will not decline below the [REDACTED]. The [REDACTED] of our Shares may be subject to significant volatility in response to, among others, the following factors:

- variations in our financial condition and/or results of operations;
- changes in securities analysts’ estimates of our financial condition and/or results of operations, regardless of the accuracy of information on which their estimates are based;
- changes in [REDACTED] perception of us and the investment environment generally;
- loss of visibility in the markets due to lack of regular coverage of our business;
- strategic alliances or acquisitions;
- potential litigation or regulatory investigations;

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- loss of key personnel;
- changes in laws and regulations that impose limitations on our industry;
- announcements made by us or our competitors;
- changes in pricing adopted by us or our competitors;
- the liquidity of the market for our Shares; and
- general economic and other factors.

The approval, filing and/or other requirements of the CSRC or other PRC governmental authorities may be required in connection with the [REDACTED] under PRC rules, regulations or policies.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, purport to require offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies or assets to obtain CSRC approval prior to publicly listing their securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear. If CSRC approval is required, it is uncertain how long it will take for us to obtain such approval, and, even if we obtain such CSRC approval, the approval could be rescinded. Any failure to obtain or a delay in obtaining CSRC approval for the [REDACTED] may subject us to sanctions imposed by the CSRC and other PRC regulatory agencies, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition, and results of operations.

Our PRC Legal Advisor has advised us that, based on its understanding of the current PRC laws and regulations, we will not be required to submit an application to the CSRC for the approval under the M&A Rules for the [REDACTED] or the [REDACTED] and [REDACTED] of the Shares on the Hong Kong Stock Exchange, primarily because (i) we are not controlled by PRC companies or individuals, and (ii) the CSRC currently has not issued any definitive rule or interpretation concerning whether [REDACTED] like ours under this document are subject to this regulation.

However, our PRC Legal Advisor has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an [REDACTED], and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC governmental authorities, including the CSRC, would reach the same conclusion as our PRC Legal Advisor, and hence, we may face regulatory actions or other sanctions from them.

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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》) and five guidelines (the “**Trial Measures**”), which took effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to offer and list securities in overseas markets, both directly and indirectly, should fulfill the filing procedure and report 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 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. See “Regulations – Regulations Relating to Overseas Listing.”

As advised by our PRC Legal Advisors, we are required to submit the filing materials to the CSRC within three business days after our application for [REDACTED] is submitted. However, since the Trial Measures were newly promulgated, the interpretation, application and enforcement of the Trial Measures remain largely uncertain. Therefore, we may fail to obtain such filing or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such filing or completing such procedures for this [REDACTED], or a rescission of any such filing obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in China, delay or restrict the repatriation of [REDACTED] or future capital raising activities into China, or take other actions that could materially and adversely affect our business, financial condition, results of operations and prospects, as well as the [REDACTED] of our Shares.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt the [REDACTED] or future capital raising activities before settlement and delivery of the Shares [REDACTED] hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for the [REDACTED] or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and the [REDACTED] of the Shares.

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The [REDACTED] of our Shares may be volatile, which could result in substantial losses to you.

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, China, the United States and elsewhere in the world. In particular, the performances of and fluctuations in the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatilities in the [REDACTED] of 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 initial public offerings. 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 market [REDACTED] and volatility of our Shares, regardless of our actual operating performance.

The actual or perceived sale or availability for sale of substantial amounts of our Shares, especially by our Directors, executive officers and substantial shareholders, could adversely affect the market [REDACTED] of our Shares.

Future sales of a substantial number of our Shares, especially by our Directors, executive officers and substantial shareholders, or the perception or anticipation of such sales, could negatively impact the market [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 or to be held by our 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 currently are not aware of any intention of such persons to dispose of significant amounts of their Shares after the expiry of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

Since there will be a gap of several days between [REDACTED] and [REDACTED] of our Shares, the [REDACTED] of our [REDACTED] could fall below the [REDACTED] when the [REDACTED] commences.

The [REDACTED] of our Shares is expected to be determined on the [REDACTED]. However, our Shares will not commence [REDACTED] on the Stock Exchange until they are delivered, which is expected to be four Business Days after the [REDACTED]. As a result, [REDACTED] may not be able to [REDACTED] our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the [REDACTED] of our Shares could fall below the [REDACTED] when the [REDACTED] commences as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time [REDACTED] begins.

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Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and could face dilution as a result of future equity financing.

The [REDACTED] substantially exceeds the per Share value of our net tangible assets after subtracting our total liabilities, and therefore potential [REDACTED] will experience immediate dilution when they purchase our Shares in the [REDACTED]. If we were to distribute our net tangible assets to our Shareholders immediately following the [REDACTED], [REDACTED] would receive less than the amount they paid for their Shares.

We will comply with Rule 10.08 of the Listing Rules, which specifies that no further Shares or other securities of the Company (subject to certain exceptions) may be issued or form the subject of any agreement to such an issue within six months from the [REDACTED]. However, after six months from the [REDACTED] we may raise additional funds to finance future acquisitions or expansions of our business operations by issuing new Shares or other securities of the Company. As a result, the percentage shareholding of the then Shareholders may be diluted and such newly issued Shares or other securities may confer rights and privileges that have priority over those of the then Shareholders.

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

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we have not yet adopted a dividend policy with respect to future dividends. 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 laws, 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 at 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 [REDACTED] appreciation of our Shares. There is no guarantee that our Shares will appreciate in value or even maintain the [REDACTED] at which you [REDACTED] 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.

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We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [REDACTED] from the [REDACTED] in ways with which you may not agree or which do not yield a favorable return to our Shareholders. We plan to use the [REDACTED] from the [REDACTED] to fund (i) business expansion and strategic acquisitions, (ii) the upgrade of our technology infrastructure and innovation of apartment products, (iii) our continual selling and marketing efforts, and (iv) working capital needs and general corporate purpose. For details, see “Future Plans and Use of [REDACTED]”. However, our management will have discretion as to the actual application of our [REDACTED]. You are entrusting your funds to our management, and you have to depend on the judgment of our management for the specific uses of the [REDACTED] from this [REDACTED].

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

This document contains information and statistics relating to the rental apartment industry. Such information and statistics have been derived from 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, we cannot guarantee the quality or reliability of such source materials. The information has not been independently verified by us, the [REDACTED], the [REDACTED], the Joint Sponsors, the [REDACTED] and the [REDACTED] or any other party 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. You should therefore not place undue reliance on such information. 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.

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

This document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations,

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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 other risk factors as described in this document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. [REDACTED] should not place undue reliance on such forward-looking statements and information.

[REDACTED] should read this entire document carefully and should not consider or rely on any particular statements in this document or in published media reports without carefully considering the risks and other information in this document.

Prior or subsequent to the publication of this document, there has been or may be press and media coverage regarding us and the [REDACTED], in addition to marketing materials we published in compliance with the Listing Rules. Such press and media coverage may include references to information that do not appear in this document or is inaccurate. We have not authorized the publication of any such information contained in unauthorized press and media coverage. Therefore, we make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media and do not accept any responsibility for the accuracy or completeness of any financial information or forward-looking statements contained therein. To the extent that any of the information in the media is inconsistent or conflicts with the contents of this document, we expressly disclaim it. Accordingly, prospective [REDACTED] should only rely on information included in this document and not on any of the information in press articles or other media coverage in deciding whether or not to purchase the [REDACTED].