RISK FACTORS

Prospective investors should consider carefully all the information set out in this document and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the **[REDACTED]**. *The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group.*

This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. The **[REDACTED]** *of the* **[REDACTED]** *could decline due to any of these risks, and you may lose all or part of your investment.*

A number of risks and uncertainties are inherent in our operations. We have categorised these risks and uncertainties into those relating to (i) our business, (ii) the industry, (iii) the PRC, (iv) the **[REDACTED]** and (v) this document. Investors should carefully consider the following information in conjunction with the other information contained in this document.

RISKS RELATING TO OUR BUSINESS

Any failure of the provision of our property management services to hospitals and public properties may weaken our competitiveness and profitability

Our revenue was generated primarily from the provision of property management services, which contributed to our revenue of approximately RMB367.0 million, RMB402.2 million, RMB542.8 million and RMB307.2 million, representing approximately 92.4%, 82.8%, 90.3% and 95.6% of our total revenue for FY2019, FY2020, FY2021 and 1H2022, respectively. We have been expanding our property management portfolio primarily through securing new property management agreements. We seek to continue to grow our property management portfolio. Moreover, we strategically prioritise on developing a diversified coverage in property portfolio by providing property management services to different kinds of non-residential and residential properties with a primary focus in hospitals and public properties, which, in our Directors' views, would distinguish ourselves from other traditional property management service providers who focus on the provision of their services to residential and commercial properties only. For FY2019, FY2020, FY2021 and 1H2022, our revenue generated from hospitals amounted to approximately RMB143.8 million, RMB144.7 million, RMB215.9 million and RMB129.6 million, representing approximately 39.2%, 36.0%, 39.8% and 42.2% of our revenue generated from providing property management services, respectively, and our revenue generated from public properties amounted to approximately RMB140.6 million, RMB150.8 million, RMB192.6 million and RMB108.8 million, representing approximately 38.3%, 37.5%, 35.5% and 35.4% of our revenue generated from providing property management services, respectively.

Based on our Directors' assessment of market prospect and proven track record, we plan to retain our strategic focus on the provision of property management services to hospitals and public properties. However, we cannot assure you that our assessment will always turn out to be correct or we can grow our business as expected. Our plans to remain focus on the provision of property management services to hospitals and public properties may be affected by a number of factors beyond our control, such as changes in the PRC's economic condition, changes in current government policies with respect to the management of hospitals and public properties, changes in supply and demand for our services, as well as changes in performance of the property owners and occupiers of the hospitals and public properties.

In addition, hospitals and public properties generally require higher standard and requirement on aspects such as cleaning services, security services and facility management. We also provide hospital logistics services to the hospitals under our management to manage, support and optimise their entire operation process. We have to recruit and train new on-site management personnel and frontline workers, select experienced third-party subcontractors and suppliers, and build up reputation and understand the needs and preference of our customers. If we fail to meet their requirements, we may not be able to maintain the relationships with our customers. Termination of our existing agreements, or proximate termination, could materially and adversely affect our business and financial position.

It will be difficult for our Group to further penetrate into the remaining Class III Grade A Hospitals in Shandong Province and expand our business to lower-grade hospitals market

There were 2,660 hospitals registered in Shandong Province in 2021, among which only 104 hospitals were classified as Class III Grade A Hospitals. During the Track Record Period, we provided property management services to 24 Class III Grade A Hospitals and five respective branch hospitals located in Shandong Province. In addition, there were five Class III Grade A Hospitals outside Shandong Province under our management. For FY2019, FY2020, FY2021 and 1H2022, we generated revenue from Class III Grade A Hospitals and their respective branch hospitals of approximately RMB129.7 million, RMB130.9 million, RMB199.4 million and RMB116.7 million, representing approximately 90.2%, 90.4%, 92.3% and 90.1% of our total revenue generated from providing property management services to hospitals, respectively. Since our Group has possessed relatively large market share in the property management services business for Class III Grade A Hospitals in Shandong Province, it will be difficult for our Group to significantly enhance our penetration into the remaining Class III Grade A Hospitals in Shandong Province.

In addition, during the Track Record Period, we submitted tenders for certain lower-grade hospitals, which are more sensitive to the price due to lower budget allocated by the Government, and in order to maintain our service quality, our quotations would not be materially affected by the grading of the hospital, which made us less competitive as compared with other small-sized service providers. In view that most of the lower-grade hospitals provided less support to our services so that we may allocate additional staff to carry out our services, and therefore, lower-grade hospitals are expected to be less profitable than Class III Grade A Hospitals. There is no assurance that our financial performance in hospital sector in the future will remain comparable to that during the Track Record Period.

We may not be able to procure new property management agreements as planned

We believe that our ability to expand our portfolio of property management agreements is one of the key factors for sustaining our business growth. During the Track Record Period, we mainly procured various new property management agreements through open tendering. For FY2019, FY2020, FY2021 and 1H2022, our tender success rate for securing property management agreements recorded approximately 28.4%, 32.5%, 48.1% and 40.7%, respectively. Property management companies would be engaged by taking into consideration of, among others, service quality, service fee, operating history and reputation of the property management company. We cannot assure you that we will be able to procure new property management agreements as planned. Our efforts may be hindered by factors beyond our control, which may include changes in general economic conditions, evolving government regulations as well as supply and demand dynamics within the property management industry. As a result, our growth prospect may be materially and adversely affected.

Termination or non-renewal of our property management agreements could materially and adversely affect our business, financial position and results of operations

Our property management agreements typically have a term ranging from one to five years. During the Track Record Period, the renewal rate with respect to property management agreements reached 87.4%, 90.6%, 90.8% and 87.4%. Although most of the expiring property management agreements were terminated or chosen not to renew voluntarily by our Group due to the financial performance of the projects and projected profitability for such renewals, the renewals of the relevant property management agreements are subject to commercial decisions made by the relevant customers, based on their own considerations. If other property management companies are willing to offer prices at lower profitability to our existing customers, our existing customers may decide to engage such property management companies. It is also possible that property management agreements may be terminated for cause. In such cases, our business and results of operations may be adversely affected. In addition, either termination or non-renewal of property management agreement could potentially be detrimental to our reputation and diminish our competitiveness within the industry.

There is no assurance that our customers would not terminate the property management agreements with us prior to the expiration date or would renew the property management agreements upon expiration. Termination or non-renewal of a significant number of property management agreements could have a material negative impact on our revenue from property management services. In the event that our Group is unable to retain or renew these property management agreements and fails to secure other property management agreements of a comparable size and quantity as replacements from other customers, our Group's financial conditions and results of operations could be materially and adversely affected.

Any failure to accurately estimate our operating costs in connection with our performance of property management services could lead to cost overruns or even result in losses

During the Track Record Period, all of our property management fees were charged on a lump sum basis. We recognise as revenue the full amount of property management fees we charge our customers, and recognise as our cost of services the actual costs we incur in connection with rendering our services.

While our property management fees are charged on a pre-determined amount, we also bore all the expenses that arose from our provision of property management services. Apart from the residential properties and certain non-residential properties under our management, we determine the pre-determined lump sum price with reference to the stipulated/expected number of employees and workers to be deployed for each position and take into account, among others, (i) the size, location and type of the properties, (ii) the expected standards for our property management services and the frequency of performing our services, (iii) budgeted operational expenses (including but not limited to labour, materials and administrative expenses), (iv) targeted profit margins, (v) pricing of comparable properties, (vi) evaluation of our competitors' pricing; and (vii) the potential growth of business of our Group in general. For the residential properties and certain non-residential properties under our management, we will receive property management fees from our customers which are generally calculated based on the property size in GFA and unit price per sq.m.

The demand and price for our services is significantly affected by macro-economic conditions in Shandong Province and the PRC, which could in turn be affected by a number of factors, such as the strength of the commercial and residential property markets, the level of disposable income, consumer confidence, unemployment rate, interest rates, credit availability and volatility in the stock markets. Since our establishment in 1996, the PRC economy has experienced significant growth, including in its real estate development sector. However, like other major economies of the world, the PRC economy has been adversely impacted by the recent financial crisis, which may reduce the budget for property management services.

On the other hand, during the Track Record Period, we submitted tenders for certain lower-grade hospitals. As compared with Class III Grade A Hospitals, lower-grade hospitals are more sensitive to the price due to lower budget allocated by the Government, and provide less support to our services so that we may allocate additional staff to carry out our services. Therefore, any deficiencies in internal cost control or unreasonable price increases for additional staff deployed could result in cost overruns.

As such, there is a risk that the fees we collected would be insufficient to cover all of the costs we incurred for the provision of property management services. Significant changes in any of relevant factors may lead to cost overrun by us, and there is no assurance that the costs incurred by us will match our initial estimates. As our property management fees stated in our agreements with customers were generally fixed and without any price adjustment clause, it may reduce or diminish our expected profit and cash inflow if the fees we collected are insufficient to cover all of the costs we incurred for the provision of property management services within our original estimations. For FY2019, FY2020, FY2021 and 1H2022, we incurred losses on 20, 18, 29 and 23 managed projects, respectively, which were partially due to cost overruns. For details of these loss-making projects, please refer to the section headed "Business — Sales and Marketing — Pricing strategy" in this document.

Although we intend to gradually improve the profitability of these loss-making projects in the future through (i) various cost-saving measures including automation and hardware upgrade to improve our operational efficiency and lower our operational cost; (ii) optimising our staffing structure by the reduction of number of our own low-skilled labour; and (iii) upgrading our existing equipment which allows us to automate our key business operations to greater degrees, we may fail to implement the above measures and/or negatively affect the quality of our services. Also, any material inaccurate estimation in the costs would give rise to cost overruns, which in turn would materially and adversely affect our Group's financial condition, profitability and liquidity.

Our operations are based in Shandong Province, and we are susceptible to trends and developments in this region

A significant portion of our revenue is concentrated in Shandong Province. For FY2019, FY2020, FY2021 and 1H2022, approximately 94.9%, 95.3%, 93.2% and 92.3% of our revenue was derived from Shandong Province, respectively. We expect that Shandong Province will remain to account for a significant portion of our operations in the near future. Due to such concentration, any adverse development in economic conditions, policies and regulations of local Government or business environment in Shandong Province could materially and adversely affect our business, financial position and results of operations.

We rely on stable labour supply to carry out our works and may experience fluctuations in our labour and subcontracting costs and restrictions in the supply of labour in the PRC

According to the F&S Report, the property management industry is a labour-intensive industry and is reliant on the large pool of manpower. Historically, the average labour cost is continuously increasing in the

PRC including Shandong Province. From 2016 to 2021, the monthly average wages of workers in property management services market increased from RMB4,218 in 2016 to RMB5,966 in 2021, with a CAGR of 7.2%. In 2026, the monthly average wages of workers are expected to reach RMB8,516, with a CAGR of 7.4% from 2021 to 2026. As of the Latest Practicable Date, our Group directly employed over 7,000 full-time employees who are deployed to various properties under our management to carry out our services. For FY2019, FY2020, FY2021 and 1H2022, our staff costs amounted to approximately RMB269.1 million, RMB268.4 million, RMB266.3 million and RMB154.6 million, representing approximately 81.5%, 70.0%, 54.7% and 60.8% of our total cost of services, respectively.

During the Track Record Period, subject to the specific services requested by our customers and manpower allocation in the cities outside Shandong Province, we have engaged subcontractors to carry out the general cleaning, and property engineering and landscape construction related services, under close supervision and management by our own staff to ensure that the quality of services provided by the subcontractors can meet our and our customers' expectation and requirements. For FY2019, FY2020, FY2021 and 1H2022, our subcontracting fees amounted to approximately RMB34.1 million, RMB77.8 million, RMB168.6 million and RMB74.7 million, representing approximately 10.3%, 20.3%, 34.6% and 29.3% of our total cost of services, respectively. In FY2021, we have engaged several subcontractors and entered into subcontracting agreements with them to replace the deployment of our own part-time workers, which provide timely and efficient alternative access to manpower resources and support our business growth. For details, please refer to the section headed "Business — Our Suppliers — Our subcontractors" in this document. Any further increase in fees in relation to the subcontracting arrangement may adversely affect our profitability.

Given that we adopt the "lump sum basis" for our revenue model, our profitability is basically dependent largely upon our ability to control and reduce our staff costs and subcontracting fees effectively. In recent years, we face continuing pressure from the surge in our staff costs and subcontracting fees, which were mainly contributed by the increase in minimum wage enacted by the PRC Government. Minimum wages across China are fixed at the regional or district level based fundamentally on standards set by relevant provincial, municipal and autonomous region authorities. The minimum wage in the regions and districts where we operate has increased over the years, adversely affect our staff costs and subcontracting fees. To maintain and improve our profit margins under the "lump sum basis" for our revenue model, it is critical for us to control our staff costs as well as other operating costs including subcontracting fees. If our Group fails to retain manpower in a timely manner, we may not be able to accommodate sudden increase in demand for our services. We cannot assure you that we will be able to control our costs or improve our efficiency or successfully pass the cost impact to the fees charged by us to maintain our profitability. If there is a significant increase in staff costs or subcontracting fees, our business, financial position and results of operations would be materially and adversely affected.

We rely on key management personnel

Our success and growth is, to a large extent, attributable to the continued commitment of our executive Directors and our senior management team, and our capability to identify, hire and retain suitable and qualified employees, including management personnel with the necessary industry experience as described in the section headed "Directors and Senior Management" in this document. Our Directors, in particular, our executive Directors, are important to our continued development as they have extensive experience and business connections in the property management industry in the PRC. Any unanticipated departure of our Directors and/or our senior management team without timely and appropriate replacement may have a material adverse impact on our business operations and profitability.

We may be subject to fines for our failure to register for and/or contribute to social insurance fund and housing provident fund under PRC laws and regulations

Pursuant to relevant PRC laws and regulations, for the benefit of our employees in China, we are required to contribute to social insurance fund, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and housing provident fund. During the Track Record Period, some of our PRC subsidiaries failed to make registration, contribution or full contribution for some of our employees pursuant to the requirements of PRC laws, which is mainly because the previous personnel responsible for such issues lacked full understanding on the different regulatory requirements in the regions in which we operated.

According to the Social Insurance Law and the Interim Regulations on the Collection and Payment of Social Insurance Premiums, (i) each of our non-compliant subsidiaries, which did not complete the social insurance registration before the prescribed deadline, may be fined more than one time but less than three times the amount of contributions payable, and (ii) we may be subject to a late payment fee of 0.05% per day from the day the relevant contributions are due if we fail to make or make in full social insurance contribution before the prescribed deadline. If we fail to make contribution before the prescribed deadline, we may be fined one to three times the outstanding contribution. According to the Housing Provident Fund Management Regulations, (i) each of our non-compliant subsidiaries, which did not complete the housing provident fund payment registration and housing provident fund account establishment procedures before the prescribed deadline, may be fined RMB10,000 to RMB50,000, and (ii) we may be ordered by the Housing Provident Fund Management Center to make the relevant payments if we fail to make or make in full housing provident fund contribution before the prescribed deadline. Failure to make such contribution before the prescribed deadline may lead to application for the enforcement by the People's Court.

We made full provisions for our shortfall of contribution to social insurance and housing provident funds in the amount of RMB10.9 million, RMB7.9 million, RMB9.8 million and RMB3.3 million for FY2019, FY2020, FY2021 and 1H2022, respectively. As at the Latest Practicable Date, we had not received any notice from the PRC Government or relevant local authorities or any claim from our current and former employees regarding the discrepancies in social insurance contributions and housing provident funds. However, we cannot assure you that we will not be subject to any order to rectify such non-compliance in the future, nor can we assure you that there are no, or will not be any, fines regarding such non-compliance incidents against us. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC Government or relevant local authorities. For details, please refer to the section headed "Business — Legal Proceedings and Compliance" in this document.

A portion of our revenue during the Track Record Period is generated from providing services to our related parties, and our business could be adversely affected in the event of any adverse development in the operation of our related parties

During the Track Record Period, a portion of our revenue was derived from providing services to our related parties. For FY2019, FY2020, FY2021 and 1H2022, the revenue contributed by our related parties, in aggregate, accounted for approximately 11.4%, 19.7%, 12.2% and 6.2% of our total revenue, respectively.

We do not have control over the business strategies of our related parties, nor the macroeconomic or other factors that may affect their business operations. Any adverse development in the operations of our related parties or their respective ability to develop and/or acquire new properties may affect our ability to secure new service agreements from them. In addition, there is no assurance that we will be able to secure all service agreements in the tender and bidding process or selection process initiated by our related parties nor that all of our service agreements with our related parties will be renewed successfully upon their expiration. Should any of these events occur, we may experience a material adverse effect on our results of operations, financial position and growth prospects.

Our property management services to hospitals rely on various information technology management systems and Runzhiyun which may fail to provide satisfied services nor be able to attract and retain sufficient interest from customers

In March 2019, we have set up an online information technology operation centre, namely OSCS Service Centre, which is a centralised management platform providing 24-hour services to hospital staff and patients with the utilisation of a series of information technology management systems. We also established Runzhiyun and QR Code Pass to provide fast and convenient access to OSCS Service Centre.

We aim to expand the functionality of such information technology systems and mobile application to increase accessibility and improve user experience and plan to attract further use by our customers. Please refer to the section headed "Business — Our Information Technology Systems" in this document for further information. However, such information technology systems and mobile application are relatively new and still evolving and we cannot assure you that we will be able to grow our online services as planned. There is no guarantee that our customers will respond favourably to them. If our information technology systems and mobile application fail to provide satisfied service in order to attract or retain sufficient interests from our customers as planned, our customers may cease using our such information technology systems and mobile application. Moreover, we may also encounter technical problems (system malfunction, misconfiguration or disruptions), security issues and logistical issues that may prevent our platform from functioning properly and our customer users from receiving desired services. In results, our business operations, financial condition and results of operation could be adversely affected.

In addition, providing certain services through our information technology systems and mobile application involves security risks, including cyber-attacks, security breaches and identity theft. In order to succeed, we have to be able to provide secured transmission of confidential information over public networks. Any penetration of network security or other misappropriation or misuse of personal information could cause interruptions in our business operations and subject us to increased costs, litigation and other liabilities, which would negatively affect our financial and operating result and damage our reputation.

We are exposed to our customers' credit risks. Our cash flow may fluctuate and our liquidity position would be adversely affected if our customers fail to make payment on time or in full

During our business operation, we may face difficulties in collecting service fees from our customers. Even though we seek to collect overdue service fees through a number of collection measures, we cannot assure you that such measures will be effective at all.

Our trade receivables amounted to approximately RMB52.8 million, RMB73.3 million, and RMB85.0 million and RMB140.7 million as at 31 December 2019, 2020 and 2021 and 30 June 2022, representing approximately 36.6%, 22.1%, 34.1% and 59.0% of our total current assets, respectively. For FY2019, FY2020, FY2021 and 1H2022, our trade receivables turnover days were approximately 44.6 days, 47.4 days, 48.0 days and 64.1 days respectively. As at 31 December 2019, 2020 and 2021 and 30 June 2022, our impairment of trade receivables amounted to approximately RMB1.8 million, RMB1.9 million, RMB2.2 million and RMB3.0 million, representing approximately 3.3%, 2.6%, 2.5% and 2.1% of our total trade receivables, respectively. There is no assurance that the financial position of our customers will remain healthy in the future. If our customers experience any financial distress or are unable to settle their payments due to us in a timely manner or at all, our financial condition and results of operations could be materially and adversely affected.

We need to maintain required permits, licences, registrations, certifications and/or other relevant PRC governmental approvals necessary for the operation of our business

Pursuant to PRC laws and regulations, our Group is required to obtain/maintain certain permits, licences, registrations, certifications and/or other approvals in order to operate our business. For details, please refer to the section headed "Regulatory Overview" in this document. These permits, licences, registrations, certifications and/or approvals are granted/renewed and maintained upon our satisfactory compliance with, among others, the applicable criteria set by the relevant Government departments or organisations. These permits, licences, registrations, certificates and/or approvals may only be valid for a limited period of time and may be subject to periodic reviews and renewals by the PRC Government authorities or relevant organisations.

There is no assurance that we will be able to obtain all required permits, licences, registrations, certifications and/or approvals and complete all necessary filings, renewals and registrations on a timely basis for our business. If we fail to receive required permits, licences, registrations, certifications and/or approvals in a timely manner or obtain or renew any permits, licences, registrations, certifications and/or approvals, we may be subject to fines, confiscation of the gains derived from our noncompliant operations, suspension of our noncompliant operations or claims for compensation of any economic loss suffered by our customers, which may materially and adversely affect our business and results of operations.

Our historical results may not be indicative of our future performance and there is no guarantee that our customers will provide us with new business or that we will secure new contracts

Although we experienced significant revenue and profit growth during the Track Record Period, we cannot assure you that we can sustain such growth in the future. Our revenue and profit margins are dependent on our ability to control costs and operating expenses, which may increase as our business expands. For FY2019, FY2020, FY2021 and 1H2022, our gross profit amounted to approximately RMB66.8 million, RMB102.9 million, RMB114.1 million and RMB67.0 million, respectively, and our gross profit margin amounted to approximately 16.8%, 21.2%, 19.0% and 20.8%, respectively. However, such trend of historical financial information of our Group is a mere analysis of our past performance only and does not have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to secure new business opportunities and to control our costs.

There is no assurance that our operating and financial results in the future will remain at a level comparable to those recorded during the Track Record Period or will not decline and that we will be able to achieve the performance as we did during the Track Record Period. Investors should not solely rely on our historical financial information as an indication of our future financial or operating performance since our financial condition and prospects would be materially and adversely affected by any future decrease in our profit margin.

We recorded net current liabilities in FY2019, and we cannot assure you that we will not continue to experience net current liabilities in the future, which could expose us to liquidity risks

We recorded net current liabilities of RMB71.5 million as at 31 December 2019, primarily because of the acquisition of equity interests in Tianjin Tianfu, which was satisfied by using our internal resources. Please refer to the section headed "Financial Information — Description of Selected Items in our Consolidated Statements of Financial Position" in this document for further discussion on our net current liabilities and the section headed "History, Development and Reorganisation" in this document for details of the acquisition of equity interests in Tianjin Tianfu. We cannot assure you that we will not record net current liabilities in the future. A net current liabilities position exposes us to liquidity risks. Our future liquidity, the payment of other payables and accruals and the repayment of our borrowings (if any) will primarily depend on our ability to generate adequate cash inflows from our operating activities. If we experience a shortage in cash flow generated from operations, our liquidity position may be materially and adversely affected which, in turn, may impact our ability to execute our business strategies. If such event occurs, our results of operations and financial position will be materially and adversely affected.

We had net operating cash outflow from our operating activities for 1H2022 and our business and financial condition could be materially and adversely affected if we fail to maintain effective cash flow management

We recorded net cash outflow from operating activities of RMB30.3 million for 1H2022. The cash outflow for 1H2022 was primarily due to the increase in trade receivables and decrease in trade payables. For further details, please refer to the section headed "Financial Information — Liquidity and Financial Resources — Cash flows" in this document.

While we have in the past financed our working capital needs primarily our business operations and loans obtained from banks and other third-party, we cannot assure you that we will always be able to generate net cash from operating activities. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. We cannot assure you that we will not suffer any decline in our future working capital or experience net cash outflow in the future. If we fail to maintain effective working capital and cash flow management, we may face financial difficulties and our business and financial condition could be materially and adversely affected.

Our business strategy and future plans may not be successful or achieved within the expected time frame or estimated budget

Our ability to continue to grow our business will depend on our continuing ability to successfully implement our business strategies and future plans, including continuing to expand our scope of services, improving our margins and profitability, capturing the new business opportunities, acquiring other property management companies and/or other businesses that are complementary to our existing businesses and integrate their operations into our business. The successful implementation of our business strategies and future plans as described in the section headed "Future Plans and **[REDACTED]**" in this document are based on current estimates and assumptions and depend on a number of factors including the availability of funds, market competition and our ability to retain and recruit competent employees. Some of the factors are beyond our control and by nature, are subject to uncertainty, such as the general market conditions in the PRC, the change in the Government's policies or regulatory regimes of the property management industry.

However, our business strategies and future plans may be hindered by risks including but not limited to those mentioned elsewhere in this section. There is no assurance that our business strategies and future plans will be implemented successfully. Moreover, there is no assurance that our Group will be able to successfully maintain or increase our market share, identify suitable acquisition targets, grow our business or expand our services and customer base successfully after deploying our Group's management and financial resources. Even if we manage to identify suitable acquisition targets, we may not be able to complete the acquisitions on terms favourable or acceptable to us, in a timely manner, or at all.

In addition, acquisitions and integration of acquired operations with our existing operation involve uncertainties and risks, including, without limitation:

- potential ongoing financial obligations and unforeseen or hidden legal, regulatory, financial or other liabilities;
- inability to apply our business model or standardised business processes on the acquisition targets;
- failure to achieve the intended objectives, benefits or revenue-enhancing opportunities; and
- diversion of resources and management attention.

Any failure to maintain our current market position or implement our business strategies and future plans including the inability to identify suitable acquisition targets or complete acquisitions, would materially and adversely affect our business, financial condition and the results of operations.

Any failure to maintain effective quality assurance systems for our services could have a material adverse effect on our reputation, financial condition and results of operation

The quality of our services provided to our customers is critical to our success. Maintaining consistent quality of our services depends significantly on the effectiveness of our quality assurance systems, which in turn relied on a number of factors. For instance, the design of our quality assurance systems and our ability to ensure that our employees and subcontractors follow and implement those quality assurance policies and guidelines. For more details on our quality assurance systems, please refer to the section headed "Business — Quality Assurance" in this document. We cannot assure that our quality assurance systems will be effective as planned. Further, we cannot assure that our staff and workers of our subcontractors will always perform in accordance with our quality assurance policies and guidelines, our or our customers' instructions and their contractual obligations. We may also fail to monitor their performance as directly and effectively as with our on-site management teams. Any failure or deterioration of our quality assurance systems could have a material adverse effect on our reputation, financial condition and results of operations.

Fair value changes for our financial assets measured at fair value through profit or loss may materially affect our financial condition and results of operations

During the Track Record Period, we purchased wealth management products, which were recorded as financial assets at fair value through profit or loss in our consolidated statements of financial position. As at 30 June 2022, we had financial assets at fair value through profit or loss of approximately RMB12.0 million. We purchased these wealth management products from reputable commercial bank in the PRC. We are exposed to credit risk in relation to our investments in wealth management products, which may adversely affect the net changes in their fair value. We cannot assure you that market conditions and regulatory environment will create fair value gains on the wealth management products we invest in or we will not incur any fair value losses on our investments in wealth management products in the future. If we incur such fair value losses, our results of operations, financial condition and prospects may be adversely affected.

Failure to fulfil our obligations in respect of contract liabilities could materially and adversely affect our results of operation, liquidity and financial position

Our contract liabilities mainly represent payment in advance made by our customers while the services are yet to be provided, which primarily included the prepayment of property management fees from our customers. As at 31 December 2019, 2020 and 2021 and 30 June 2022, we had contract liabilities of approximately RMB13.3 million, RMB25.8 million, RMB22.0 million and 26.5 million, respectively. For further details, please refer to the section headed ''Financial Information — Description of Selected Items in our Consolidated Statements of Financial Position — Other payables and accruals'' in this document. There is no assurance that we will be able to fulfil our obligations in respect of contract liabilities as the delivery of our services to our customers is subject to various factors, including the supply of services from our suppliers or subcontractors. If we are not able to fulfil our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognised as revenue, and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial position may be materially and adversely affected.

We have granted, and may continue to grant share incentives, which may result in increased share-based payments and negatively impact our financial performance and potential dilute shareholding

Our share-based payments represented expenses recognised in relation to the capital contribution to Shandong Runhua made by Jinan Anlan in January 2016, Jinan Lutong in March 2017, and Jinan Anlan and Jinan Lutong in March 2020, respectively. For FY2019, FY2020, FY2021 and 1H2022, our share-based payments amounted to approximately RMB0.8 million, RMB1.4 million, RMB1.9 million and RMB0.9 million, respectively. We believe the granting of share incentives is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share incentives to employees in the future. As a result, our expenses associated with share incentives may increase, which may have an adverse effect on our financial performance and potential dilution effect on the Shareholders' interest in our Company.

The preferential income tax treatment that we enjoy in the PRC may be altered or terminated

We cannot assure you that the PRC policies on preferential tax treatment will not change or that any preferential tax treatment we enjoy or will be entitled to enjoy will not be terminated. According to the applicable PRC tax regulations, the statutory corporate income tax rate in the PRC is 25%. Our PRC subsidiary, Kaidi Network, received the certificate of "High and New Technology Enterprise" in 2020 under which it is entitled to a preferential PRC income tax rate of 15% for three years. In addition, it was also qualified as a "double soft certification enterprise" from 2018, under the "Two Free, Three Half" program, and exempted from income tax in the first two years of profitability and pays only half of its applicable income taxes for the next three years. On the other hand, certain subsidiaries of our Group are qualified as small low-profit enterprises in the PRC in 2019 and were entitled to a preferential income tax rate of 10% for three years. For further details, see the section headed "Financial Information — Description of Selected Items from Consolidated Statements of Profit or Loss and Other Comprehensive Income — Income tax expense" and Note 10 to the Accountants' Report included in Appendix I to this document.

We cannot assure you that our subsidiaries will continue to enjoy the aforementioned preferential income tax treatment. For instance, under the applicable PRC laws and regulations, the preferential income tax treatment for "High and New Technology Enterprise", "double soft certification enterprise" and small low-profit enterprises is subject to renewal every three years and can be revoked by the relevant local authorities upon a review process on the eligibility of such accreditation. We cannot assure you that our subsidiaries will continue to be accredited as "High and New Technology Enterprise", "double soft certification enterprise" and small low-profit enterprises upon expiration of the relevant certificate, or that such accreditation will not otherwise be revoked by the relevant local authorities or our subsidiaries will continue to be qualified as "High and New Technology Enterprise", "double soft certification enterprise" and small low-profit enterprises in the PRC. If we fail to renew any preferential tax treatment qualification in time or at all, or if any change or termination of preferential tax treatment occurs, the increase in our tax charge or any other related tax liabilities could materially and adversely affect our results of operations and financial condition.

Our business operations and financial results may be adversely affected if there is an outbreak of any severe communicable diseases such as COVID-19

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization ("**WHO**") was identified in December 2019 and spread globally in early 2020. On 11 March 2020, the WHO declared COVID-19 outbreak a pandemic. In response to the outbreak of COVID-19, the PRC Government has imposed measures across the PRC including, but not limited to, lock-down measures, travel restrictions, restrictions on enterprises from resuming work, management and control over commencement schedules of construction in new and existing construction sites and the mandatory quarantine requirements on infected individuals and anyone deemed potentially infected. In April 2020, we received a notice from Customer Group A in relation to the reduction of their business subcontracting arrangements due to the travel restrictions. As a result, the revenue generated from Customer Group A decreased by approximately RMB8.6 million from approximately RMB32.7 million for FY2019 to approximately RMB24.1 million for FY2020, mainly due to the deduction of contract value of two property management agreements by an aggregate amount of approximately RMB5.9 million. Furthermore, public properties such as hospitals have heightened exposure to health safety risks, including localised outbreak of COVID-19, as compared with residential and commercial properties. If the development of COVID-19 persists or escalates, there can be no guarantee of localised outbreak of COVID-19 or mandatory lock-down measures imposed at any of the public properties we manage, which in turn may have a material and adverse effect on our business, financial position and results of operations. To the best knowledge of our Directors, during the Track Record Period and as at the Latest Practicable Date, there had been no localised outbreak of COVID-19 in any of the public properties we manage.

During the Track Record Period and up to the Latest Practicable Date, 11 out of 27 residential properties under our management have been placed under lockdown to comply with government regulations and measures to combat the COVID-19 pandemic. In order to continue the delivery of our property management services, we assigned our frontline staff to stay in the restricted properties, which incurred an additional staff costs for overtime payment of approximately RMB15,000 in 1H2022, and procured sufficient masks and personal protective equipment for our frontline staff to carry out their works as usual, which incurred an additional costs for implementation of hygiene and precautionary measures of approximately RMB0.7 million, RMB0.1 million and RMB2.1 million for FY2020, FY2021 and 1H2022, respectively. Moreover, any failure of delivery of our services in the future to the properties under our management which have been place under lockdown could also have a material adverse effect on our reputation, financial condition and results of operations. Health safety risks during the outbreak of COVID-19 may also lead to labour shortage, increase in wages of the workers, and interruption of our business operation, delaying the provision of our services as a result. Our operations could be disrupted if any of our employees or employees of our subcontractors were suspected of contracting or contracted an epidemic disease, since this could require us and our subcontractors to quarantine some or all of these employees and disinfect our managed properties and facilities used for our operations. In consequence, we may not be able to fulfil our contractual obligations with our customers, which may result in loss of our contracts with them or we may be liable to pay damages or compensation to our customers for their loss suffered and/or impacted to our long-term business relationships due to our delay or default. During the Track Record Period, our staff did not experience any material disruption caused by the COVID-19 pandemic when carrying out their responsibilities for the provision of our services. For details, please see the section headed "Business — Effects of the COVID-19 Outbreak" in this document.

We generated additional revenue resulted from the outbreak of COVID-19 which could be ceased or downsized subject to the COVID-19 epidemic situation

In April 2022, we were engaged by the Government, on a project basis, to provide property management services in Jinan Fangcang Hospital and recorded an aggregate revenue and gross profit of approximately RMB2.7 million and RMB1.7 million for 1H2022, respectively. Pursuant to the terms of the respective service agreements entered into between the Government and us, there is no specific project duration for such project and our services could be ceased or downsized by the instruction of the Government authorities in the event that COVID-19 epidemic situation becomes stable in Jinan City, and therefore, our Directors considered this project was one-off in nature. We cannot guarantee that we are able to continue to generate a similar amount of one-off revenue from the provision of property management services to such project in the future.

Moreover, in order to meet the expectation of the customers in health protection and service experience after the outbreak of COVID-19, we commenced to provide additional value-added property management services, such as cleaning services for display automobile vehicles in automobile industrial parks as well as visitor diverting services, since 2020. For FY2020, FY2021 and 1H2022, the revenue generated from the provision of additional value-added property management services amounted to approximately RMB3.6 million and RMB3.6 million and RMB1.7 million, respectively. Although additional value-added property management services have been added into the service scope of the relevant property management agreements entered into between the customers and us and people started to crave a proper environmental hygiene of the properties under our management, we cannot guarantee that the respective customers will not cease or downsize such services in the future.

We are exposed to risks associated with failing to detect and prevent fraud, negligence or other misconduct (accidental or otherwise) committed by our employees, subcontractors or third parties

We are exposed to risk associated with fraud or other misconduct committed by our employees, subcontractors, agents, customers or other third parties that could subject us to financial losses and sanctions imposed by governmental authorities as well as seriously harm our reputation. For example, theft conducted by third parties may cause us to make compensation if we were held to be negligent or reckless and will also cause us to suffer damage to our reputation in the market.

Our information technology systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may be unable to identify non-compliance and/or suspicious transactions in a timely manner, or at all. Further, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. There will therefore continue to be the risk that fraud and other misconduct may occur, including negative publicity as a result, which may have an adverse effect on our business, reputation, financial position and results of operations.

We may be adversely affected by the performance of associates

We have invested into associates with third parties and may continue to do so in the future. The carrying amount of our investments in associates were amounted to approximately RMB125.2 million, RMB131.5 million, RMB127.7 million and RMB131.5 million as at 31 December 2019, 2020 and 2021 and 30 June 2022, respectively. The carrying amount of the investments in associates subsumed the goodwill which arise from acquisition of the relevant associates. The performance of such associates has affected, and will continue to affect, our results of operations and financial position. For FY2019, FY2020, FY2021 and 1H2022, we recorded our share of profit on associates of approximately RMB0.2 million, RMB9.4 million, RMB5.5 million and RMB3.8 million, respectively.

The success of associates depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realise the anticipated economic and other benefits from our associates. In addition, in accordance with PRC law, our investment agreement and the articles of association of our associates, certain matters relating to associates require the consent of all parties to the associates. Therefore, such investment agreements involves a number of risks, including (i) we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our associates if there is a disagreement between us and our associated company partners; or (ii) our partners may have economic or business interests or goals or philosophies that are inconsistent with ours.

In addition, our investments in associates are subject to liquidity risk, since they are not as liquid as other investment products. Due to the illiquidity nature of our investment in associates, we may significantly limit our ability to disposal of our investment in associates in respond to adverse changes in economic, financial and investment conditions. We cannot predict whether we will be able to dispose of any of our interests in the associates on favourable terms. Also, we cannot predict the length of time we needed to find a purchaser and to complete the relevant transaction. Furthermore, there is no cash inflow to our Group until dividends are received by us, even if our associates reported profits under the equity accounting. If there are no dividends received from our associates or share of their results, we will also be subjected to liquidity risk and our financial condition or result of operations could be adversely affected.

In addition, since we do not have full control over the business and operations of our associates, we cannot assure that they have been, or will be in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our associates or our associates will not violate PRC laws and regulations, which may have an adverse effect on our business, results of operation and financial condition.

We may be subject to penalties from the PBOC or adverse judicial rulings as a result of loans to a related party during the Track Record Period

As at 31 December 2020, we had interest-bearing loans to Runhua Group Company of an aggregate of approximately RMB124.8 million with an interest rate of 7.00% to 9.50%, which generated an interest income from loans to a related party of approximately RMB5.7 million for FY2020. For further details, please refer to the section headed "Financial Information — Description of Selected Items in our Consolidated Statements of Financial Position — Prepayments, other receivables and other assets" in this document. Our PRC Legal Advisers advised that according to the General Lending Provisions (《貸款通則》), a departmental rule promulgated by the PBOC in 1996, only financial institutions may legally engage in the business of extending loans, and loans between companies that are not financial institutions are prohibited. As advised by our PRC Legal Advisers, the PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. Notwithstanding the General Lending Provisions, the Supreme People's Court has made new interpretations concerning financing arrangements and lending transactions between non-financial institutions under the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the "**Judicial Interpretations on Private Lending Cases**"), which came into effect on 1 September 2015 and was amended on 19 August 2020 and 29 December 2020. According to Article 10 of the Judicial Interpretations on Private Lending Cases, the Supreme People's Court recognises the validity and legality of financing arrangements and lending transactions between non-financial institutions so long as certain requirements, such as the interest rates charged, are satisfied and there is no violation of mandatory provisions of applicable laws and regulations. Under the Judicial Interpretations on Private Lending Cases, PRC courts will support a non-financial institution's claim for interests on loans as long as the annual interest rate does not exceed four times of the loan prime rate, as published by the National Interbank Funding Center, for loans with maturities of one year applicable on the date of loan agreement, or other interest rate specified in the Judicial Interpretations on Private Lending Cases applicable on the date of such loan agreement.

As advised by our PRC Legal Advisers, the possibility that the PBOC would impose a penalty on us pursuant to the General Lending Provisions is remote since we have not received any notice or been penalised for extending interest-bearing loans to a related party and there are rare cases that companies being penalised for interest-bearing loans to their related parties by the PBOC. Nevertheless, we cannot assure you that we may not be subject to a penalty fine from the PBOC and in the event that we are ordered by the PBOC to pay the penalties, our financial condition and results of operations could be adversely affected.

Our property management fees may be subject to the government guidance price, which may adversely affect our profit margin

Under the PRC laws and regulations, the price of most of our preliminary property management services is subject to government guidance price. The preliminary property management service agreement entered into between the property developers and us at the preliminary stage will be terminated when the property owners' association is formed and a new property management service agreement will be entered into. If we are selected by the relevant property owners or property owners' associations to enter into subsequent property management service agreements, they may want us to match the price provided during the preliminary stage, which is limited by the government guidance price.

According to the Property Service Charge Management Measures of Shandong Province (山東省物業服務收費管理辦法), the property management fees for preliminary residential property projects shall be guided by the government and charged by hierarchical pricing based on the level of property service provided, service quality, costs and expenses and other factors. During the Track Record Period, save for two residential apartment projects and a villa project, the remaining residential properties under our management were subject to local government's pricing guidance. For FY2019, FY2020, FY2021 and 1H2022, the revenue generated from these residential properties under our management amounted to approximately RMB31.8 million, RMB33.6 million, RMB40.1 million and RMB17.6 million, representing approximately 8.7%, 8.4%, 7.4% and 5.7% of the total revenue generated from providing property management services, respectively; and the gross profit generated from them was approximately RMB5.2 million, RMB5.8 million, RMB10.1 million and RMB4.1 million for the corresponding period, respectively.

During the Track Record Period, we overcharged property management fees from the property owners and/or residents at a residential property under our management, which contributed revenue to us of approximately RMB232,000, RMB251,000 and RMB166,000 for FY2020, FY2021 and 1H2022, respectively; and gross profit of approximately RMB55,000, RMB24,000 and RMB35,000 for the corresponding period, respectively. The failure to comply with relevant regulations relating to the government guidance pricing was because the relevant staff of our subsidiary set the management fees for such residential property based on the respective property level and mistakenly assumed that the government-set prices would not apply to the high-end residential properties. In fact, the relevant property management agreement was successfully approved by and registered under the Tai'an City Taishan District Property Management Service Center (泰安市泰山區物業管理服務中心) (the "**Center**"). Such incident was subsequently identified by our PRC Legal Advisers during the preparation of the **[REDACTED]**. As advised by the PRC Legal Advisers, where an enterprise fails to implement the government-set prices, it shall be required to make the relevant price adjustments to effect the government-set prices, and failure to implement such adjustments shall result in illegal gains which shall be confiscated. It also provides that such enterprise may be fined for not more than five times of the excess charges. Given that (i) our Group has filed the relevant property management services agreement to the Center; (ii) in view that the agreement of the said residential property was successfully approved by the Center, Tai'an City Taishan District Market Supervision and Administration Bureau (泰安市泰山區市場監督管理局) (the "**Bureau**"), the competent price administration department of the people's government, confirmed that the incident did not cause a breach of the government price controls and no penalty would be imposed in connection with the incident; and (iii) the Bureau has verbally refused the adjustment to our management fees of the said residential property to the government-set prices to comply with the relevant government price controls, our PRC Legal Advisers advised us that the risks that we would be penalised for such non-compliance by the relevant government authority is remote. Save for the abovementioned overcharged property management fees for the residential property based on the advice from our PRC Legal Advisers, our Directors confirm that there was no material non-compliance on the property management fees charged by us in relation to such government price controls.

Government-imposed limits and other regulatory requirement on property management fees could have a negative impact on our earnings. We cannot guarantee that the government regulations on property management fees and other matters concerning the property management industry will not have an adverse effect on our business, financial condition and results of operations, which may be material.

We may suffer impairment losses for prepayments, other receivables and other assets

As at 31 December 2019, 2020 and 2021 and 30 June 2022, we had prepayments, other receivables and other assets of approximately RMB46.6 million, RMB137.8 million, RMB21.3 million and RMB24.0 million, respectively, which mainly comprised deposits and other receivables, prepayments to suppliers, value added tax recoverable, entrusted loan to a third party, loans to a related party and deferred **[REDACTED]**. We did not recognise any impairment for prepayments, other receivables and other assets during the Track Record Period. However, as the extent, the economic conditions and magnitude and duration of COVID-19 are still uncertain, we may need to change our assumption for measurement of ECLs, which could result in future impairment losses for prepayments, other receivables and other assets. The possible impairment of prepayments, other receivables and other assets could negatively impact our future earnings, assets and Shareholders' equity.

We may not have insurance coverage that is adequate to cover potential liabilities or losses

Our Group may face liabilities that exceed its available insurance coverage or arise from claims outside the scope of its insurance coverage. There are certain types of losses and liabilities against which no insurance policies in the PRC are available at commercially practicable terms, such as losses suffered due to business interruptions, earthquakes, typhoons, flooding, wars or civil disorder. If we are held responsible for any such damages, liabilities or losses due to insufficiency or unavailability of insurance, there could be a material adverse effect on our business, financial position and results of operations. For details of our Group's insurance coverage, please refer to the section headed "Business — Insurance" in this document.

Personal injuries, property damages or fatal accidents would occur at our managed properties

Our services were carried out by our own employees and/or subcontractors. Such services may also subject to a certain level of possibilities of accidents. Whilst we closely supervise and monitor our employees in the implementation of all such safety measures and procedures during the provision of our services. However, we cannot guarantee that our employees, or those of our subcontractors will follow our safety measures and/or will not breach any applicable rules, laws or regulations. Personal injuries, property damage or fatal accidents will result if any such employees fail to follow the safety measures at our managed properties. Any personal injuries and/or fatal accidents to the employees of our Group or our subcontractors would lead to claims or other legal proceedings against our Group. During the Track Record Period and up to the Latest Practicable Date, we recorded a fatal accident of our employee in the property under our management and reached consensus with the deceased persons' family to pay compensations and funeral expenses of approximately RMB1.0 million. For further details regarding the claim, please refer to the section headed "Business — Social, Health, Safety and Environmental Matters" in this document.

In addition, we provide property management services and hospital logistic services to the hospitals under our management. Although we are not responsible for the disposal of clinical waste and hazardous materials, we cannot guarantee that our employees and/or subcontractors will follow our internal control measures to manage the clinical waste and hazardous materials.

We may be held liable for the employees' or third parties' injuries or deaths. Interruptions to our business may also be encountered due to investigations conducted by the Government authorities or implementation of safety measures upon occurrence of accidents. Any of the abovementioned incidents could adversely affect our reputation, business, financial position and results of operations.

Failure to protect our intellectual property rights could have a negative impact on our business and competitive position

We currently hold a number of trademarks, software copyrights and domain name in the PRC and registered a trademark in Hong Kong for protection of our intellectual property. We consider these intellectual properties our crucial business assets which are key to customer loyalty and essential to our future growth. The success of our business depends substantially upon our continued ability to use our trade names and trademarks to increase brand recognition and to develop our brand. Please refer to the section headed "Business — Intellectual Property Rights" in this document for further information. Unauthorised reproduction or infringement of our trade names or trademarks could diminish the value of our brands as well as our market reputation and competitive advantages.

We rely on and expect to continue to rely on trademark, software copyright and domain name protection laws, to protect our intellectual property rights. Nevertheless, these measures afford limited protection. Policing unauthorised use of proprietary information can be difficult and expensive. In addition, the intellectual property laws and regulations in the PRC are still immature as compared with most developed countries, and therefore the enforceability, scope and validity of laws governing intellectual property rights in the PRC are uncertain and still evolving, and could involve substantial risks to us. If we were unable to detect unauthorised use of, or take appropriate steps to enforce, our intellectual property rights, it could have a material adverse effect on our business, results of operations and financial position.

The expansion of our business and potential changes in the PRC laws and regulations may increase the difficulty of ensuring compliance with the relevant laws and regulations

As we expand our business operations into new geographic regions and broaden the range of services we offer, we are subject to an increasing number of provincial and local rules and regulations. In addition, because the size and scope of our operations had increased significantly during the Track Record Period, the difficulty of ensuring compliance with the various local regulations and the potential for loss resulting from non-compliance have increased. On 13 July 2021, MOHURD and other seven departments promulgated the Notice on Continued Rectification and Standardization of the Real Estate Market Order (《住房和城鄉建設部等8部門關於持續整治規範房地產市場秩序的通知》) to continue to rectify and standardise the real estate market order in the fields of real estate development, property sale and purchase, housing leasing and property management services. In respect of property management services, the following items are the key points of rectification: (i) failing to provide services in accordance with the agreed content and standards of the property management contract; (ii) failing to publicise the property management charging item standards, the operation and income of the owner's common part, the use of maintenance funds and other relevant information in accordance with the regulations; charging fees beyond the contractual agreement or publicizing the charging item standards; and (iii) unauthorised use of the owner's shared part to carry out business activities, infringement and misappropriation of the owner's shared part of the operating income; refuse to withdraw from the property management project without proper reason after the property management contract is terminated lawfully. If we fail to comply with the related local laws and regulations, we may be subject to penalties by the competent authorities. The PRC laws and regulations applicable to our business, whether national, provincial or local, may also change in ways that materially increase the costs of compliance, and any failure to comply to which could result in significant financial penalties which could have a material adverse effect on our business, financial position and results of operations.

Our rights to use our leased properties could be challenged by third parties, or we may be forced to relocate due to title defects, or we may be liable for failure to register our lease agreements, which may results in a disruption of our operations and subject us to penalties

We lease certain properties from third parties for use primarily as offices and investment properties for property management and property investment businesses. As at the Latest Practicable Date, we had not registered four lease agreements for our leased properties with the local housing administration authority as required under PRC law. According to the relevant PRC laws and regulations, we might be ordered to rectify this failure to register by competent authority and if we fail to rectify within a prescribed period, a penalty of RMB1,000 to RMB10,000 for each lease agreement may be imposed on us as a result. According to applicable PRC administrative regulations, lessors of the related leases need to provide us with certain documents (such as their business licences or personal identification information) in order to complete the administrative filing. There can be no assurance that the lessors of our leased properties will be cooperative in the process of completing the filings.

Any dispute or claim in relation to the titles of the properties that we occupy, including any litigation involving allegations of illegal or unauthorised use of these properties, could require us to relocate our occupying these properties. If any of our leases are terminated or voided as a result of challenges from third parties or the government, we would need to seek alternative premises and incur relocation costs. Any relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and growth prospects. Based on information currently available to us, we believe that there are alternative properties at comparable rental rates readily available on the market and the estimated total relocation cost and time will not be material. In addition, there can be no assurance that the PRC Government will not amend or revise existing property laws, rules or regulations to require additional approvals, licences or permits, or impose stricter requirements on us to obtain or maintain relevant title certificates for the properties that we use.

Privacy concerns relating to our self-developed mobile application, Runzhiyun (潤之雲), which may damage our reputation and deter potential platform users and customers

We established Runzhiyun based on our understanding of the preferences and habits of our customers through our frequent interactions with them with the aim to provide fast and convenient access to OSCS Service Centre for our hospital logistics services.

Concerns about the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, may damage our reputation and adversely affect our results of operations. Many jurisdictions, including China, have implemented various laws and regulations to monitor the personal data and privacy protection. For details, please refer to the section headed "Regulatory Overview — Legal Supervision over Data Privacy and Personal Information Protection" in this document. The PRC Governmental authorities are also continuing to consider the need for stricter control or reform to the existing regulatory framework. For example, on 28 December 2021, thirteen government departments including the Cyberspace Administration of China jointly issued the Cybersecurity Review Measures (網絡安全審查辦法) which came into effect on 15 February 2022.

We will strive to comply with applicable data protection laws and regulations, and other obligations we may have with respect to privacy and data protection. Any failure or perceived failure to comply with these laws, regulations or policies, or any system failure or compromise of the security of our mobile application that results in the unauthorised access to or release of our users' data may result in enquiries and other proceedings or actions against us by Governmental authorities or the users, as well as negative publicity and damage to our reputation and brand, each of which could have an adverse effect on our business and results of operations. The risk that these types of events could seriously harm our business is likely to increase as the size of our user base grows.

Dividends declared in the past may not be indicative of our future dividend

During the Track Record Period, we did not have any dividend policy in place and we do not expect to formulate any specific dividend policy in the near future. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Act, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Please refer to the section headed "Financial Information — Dividend and Dividend Policy" in this document for further details. We cannot assure investors when or whether dividends would be paid in the future.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

The recent outbreak of COVID-19 worldwide may result in the slowdown of global economy

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu, severe acute respiratory syndrome ("**SARS**") or COVID-19, and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC, which in turn may adversely impact domestic consumption and our business. Our disaster recovery planning cannot account for every conceivable possibility and in any such event, the operation of our business and platforms may not resume rapidly. As a result, our reputation and results of operations may be adversely affected.

In addition, our revenue and profitability could also be reduced to an extent if COVID-19 or any natural disaster, health epidemic or other virus outbreak harms the overall economy in the PRC. These adverse impacts, if materialise and persist for a substantial period, may significantly and adversely affect our business operation and financial performance.

We are in a highly competitive business with numerous competitors

The property management industry in the PRC is highly competitive and fragmented. Competition may intensify as our competitors may expand their service offerings or new competitors may penetrate into our existing or new markets. We believe that we compete with our competitors on a number of factors, including, among others, operation scale, brand recognition, financial resources, cost efficiency, price and service quality.

To compete with the large number of competitors, we may face significant downward pricing pressure and thereby reducing our profit margin. We cannot assure you that our profit margin will not decline as a result of the price pressure. We cannot guarantee that we can effectively cope with the enhanced competition in the future or that we will maintain our market position in the industry. If we cannot adapt effectively to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services would not be attractive to customers and our business would be materially and adversely affected. Our competitors would also adopt aggressive pricing policies or develop relationships with our customers in a manner that would significantly harm our ability to secure contracts.

In addition, our competitors may have better track records, longer operating histories and more financial, technical, sales, marketing, distribution and other resources than us, as well as having more market recognition and larger customer bases. As a result, these competitors may be able to devote more resources to the development, promotion, and support of their property management services. We cannot guarantee that we will be able to continue to compete effectively or maintain or improve our market position, and such failure could have a material adverse effect on our business, financial position and results of operations.

Many property management companies in China have expanded their business scale through mergers and acquisitions. In addition, many property management companies listed on the Stock Exchange are looking to acquire other property management companies to further expand their business scope and geographic reach. As a result, we may not be able to materialise our plan to acquire independent third-party property management companies with geographical influence and similar market positioning. For details, please refer to the paragraph headed "Risks relating to our business – Our business strategy and future plans may not be successful or achieved within the expected time frame or estimated budget" in this section.

RISKS RELATING TO THE PRC

PRC Government regulations on the PRC property market may limit our growth potential

Our major business, assets and operations are located in the PRC. Therefore, our business, results of operation, financial position and prospects are, to a large extent, subject to the economic, political, social and legal conditions in the PRC. The PRC Government has implemented a series of measures to control the economic growth in recent years. In particular, the PRC Government has continued to introduce various restrictive measures to discourage speculative investments in the property market, such as imposing controls over the land supply for property development, foreign exchange controls, restrictions against property development financing, additional taxes and levies on property sales and foreign investments in the PRC property market. Such Government measures may negatively affect sales and the delivery schedules of the properties we serve, thus limiting our growth potential and resulting in a material adverse effect on our business, financial position and results of operations.

Uncertainties with respect to the Chinese legal system could have an adverse effect on our business

Our business is in the PRC and is governed by the PRC laws and regulations. The PRC legal system is based on statutes whereas court decisions have limited precedential value. Since the late 1970s, the Chinese Government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation since then has significantly enhanced the protections afforded to various forms of foreign investments in China, however as the PRC legal system continues to evolve, the interpretations of many statues, regulations and rules are not always uniform and enforcement such laws involves uncertainties. Further, some regulatory requirements issued by certain PRC Government authorities may not be consistently applied. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties create difficulties in our ability to enforce the contracts we have entered into with our business partners and customers. Such uncertainties could materially and adversely affect our business and operations. We cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in China may be protracted and result in substantial costs and diversion of our resources and management attention.

We may be required to obtain prior approval or subject to filings or other requirements from the CSRC or other PRC regulatory authorities for the [REDACTED].

On 24 December 2021, the CSRC, together with other relevant government authorities in China issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》) and the Administrative Measures for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》)) (together, the "**Draft Overseas Listing Regulations**"). According to the Draft Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedure with the CSRC and report relevant information. As of the date of this document, the Draft Overseas Listing Regulations have not been formally adopted.

The provisions and anticipated adoption or effective date of the Draft Overseas Listing Regulations are subject to changes, and thus their interpretation and implementation remain substantially uncertain. The Draft Overseas Listing Regulations are not clear on the exact criteria of qualified issuers who must complete the CSRC filing procedures after submitting the application for an initial public offering overseas, and are not clear on whether qualified issuers which have submitted the application for initial public offering overseas but have not yet completed the whole listing process shall be subject to the said CSRC filing procedures.

At the press conference held on 24 December 2021 for the Draft Overseas Listing Regulations, officials from the CSRC clarified that implementation of the Draft Overseas Listing Regulations will follow the non-retroactive principle. Our PRC Legal Advisers advise that it is at this stage unable to rule out the possibility that the relevant authorities, in order to coordinate with the Draft Overseas Listing Regulations, enact the matching regulations to restrict or raise new compliance requirements for our business and the **[REDACTED]**. Therefore, we cannot guarantee that the CSRC or other PRC authorities will not require us to obtain prior approval or complete other procedures for our **[REDACTED]**, which may have a material adverse effect on our business, results of operations, financial condition as well as the **[REDACTED]**.

Fluctuations in exchange rates could have an adverse effect upon our business

All of our revenue and operating expenses are denominated in RMB. However, the **[REDACTED]** from the **[REDACTED]** will be received in HK dollars. As a result, any appreciation of the RMB against the HK dollars or any other foreign currencies may result in the decrease in the value of our foreign currency denominated assets and our **[REDACTED]** from the **[REDACTED]**. Conversely, any depreciation of the RMB may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. We cannot assure you that we will be able to reduce our foreign currency risk exposure in relation to our foreign currency-denominated assets. Furthermore, we are also required to obtain the SAFE's approval before converting significant sums of foreign currencies into RMB. All of these factors could materially and adversely affect our business, financial condition and results of operations, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

PRC regulation on loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries

In utilising the **[REDACTED]** from the **[REDACTED]** or any further **[REDACTED]**, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries in the PRC to finance their activities cannot exceed statutory limits and must be registered with the SAFE or its local counterpart. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be approved by the MOFCOM or its local counterparts. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the **[REDACTED]** of the **[REDACTED]** and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

You may be subject to PRC income tax on dividends from us or on any gain realised on the transfer of our Shares under PRC law

Under the Enterprise Income Tax Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in China, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gains realised on the transfer of shares by such investors are subject to a 10% PRC income tax rate if such gains are regarded as income from sources within China unless a treaty or similar arrangement provides otherwise. Under the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to a 20% PRC income tax rate, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although we conduct all of our business operations in China, it is unclear whether dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, would be treated as income from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realised from the transfer of our Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under such tax treaties or arrangements.

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate

Our dividend income from our foreign-invested PRC subsidiaries may be subject to a higher rate of withholding tax than that which we currently anticipate. Under the Enterprise Income Tax Law and the Regulations on the Implementation of the Enterprise Income Tax Law, dividend payments from PRC subsidiaries to their foreign shareholders, if the foreign shareholder is not deemed as a PRC tax resident enterprise under the EIT Law, are subject to a withholding tax at the rate of 10%, unless the jurisdiction of such foreign shareholders has a tax treaty or similar arrangement with the PRC and the foreign shareholder obtains approval from competent local tax authorities for application of such tax treaty or similar arrangement. According to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (issued by the SAT on 21 August 2006 and came into effect on 8 December 2006), if any company incorporated in Hong Kong holds no less than 25% of the equity of a PRC company, its dividend obtained from the company incorporated in the PRC shall be taxed with a lower tax rate of 5% as the withholding tax. However, according to the Public Notice of the SAT on Issues Relating to Beneficial Owner in the Tax Treaty (《國家稅務總局關於稅收協定中"受益所有人"有關問題的公告》) ((2018) Announcement No. 9 of the SAT), (issued on 3 February 2018 and came into effect on 1 April 2018), if the company's activities do not constitute substantive business activities, it will be analysed according to the actual situation of the specific case, which may not be conducive to the determination of its "beneficiary owner" capacity, and thus may not enjoy the concessions under the tax treaty. In that case, our financial condition and results of operations may be adversely affected.

It may be difficult to effect service of process on our Directors or senior management members who reside in the PRC or to enforce against us or them in the PRC any judgements obtained from non-PRC courts

A majority of our Directors and senior management members reside in the PRC, and substantially all of the assets of those people and of our Group are located in the PRC. Therefore, it may be difficult for investors to effect service of process upon those persons inside the PRC or to enforce against us or them in the PRC any judgements obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of Judgements of courts with the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgements of a court in any of these jurisdictions may be difficult or even impossible. On 14 July 2006, the Supreme People's Court of China and the Government of Hong Kong entered into the Arrangement on Reciprocal Recognition and Enforcement of judgement in Civil and Commercial Matters (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) (the "**2006 Arrangement**"). Under this arrangement, in case any designated People's Court in China or Hong Kong court has made an enforceable final judgement requiring payment of money in a civil and commercial case pursuant to a choice of court agreement, any party concerned may apply to the relevant People's Court of China or Hong Kong court for recognition and enforcement of the judgement. This arrangement became effective on 1 August 2008 and the outcome and effectiveness of any action brought under this arrangement remain uncertain.

On 18 January 2019, the Supreme People's Court and the Hong Kong government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the "**2019 Arrangement**"), which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgements in wider range of civil and commercial matters between Hong Kong and the PRC. The 2019 Arrangement discontinued the 2006 Arrangement and the 2019 Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court and the completion of the relevant legislative procedures in the Hong Kong. The 2019 Arrangement will, upon its effectiveness, supersede the 2006 Arrangement. Therefore, before the 2019 Arrangement becomes effective it may be difficult or impossible to enforce a judgement rendered by a Hong Kong court in the PRC if the parties in the dispute do not agree to enter into a choice of court agreement in writing.

RISKS RELATING TO [REDACTED]

There has not been any prior public market for our Shares and an active trading market may not develop

An active trading market for our Shares may not develop and the trading price of our Shares may fluctuate significantly. Prior to the **[REDACTED]**, there has been no public market for our Shares. The **[REDACTED]** was the result of negotiation between our Company and the **[REDACTED]** (on behalf of the **[REDACTED]**), and the **[REDACTED]** may not be indicative of the price at which our Shares will be traded following completion of the **[REDACTED]**. In addition, we cannot assure you that an active trading market for our Shares will develop, or, if it does develop, that it will be sustained following completion of the **[REDACTED]**, or that the trading price of our Shares will not fall below the **[REDACTED]**.

Shareholders' interest in the Company's share capital may be diluted in the future

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities of our Group other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in our Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

In addition, we may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

The trading volume and price of our Shares may fluctuate. Further, any disposal of a substantial number of Shares by our Controlling Shareholders in the public market may adversely affect [REDACTED] of our Shares

The trading volume and price of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of business development, strategic alliances or acquisitions, industrial or environmental accidents suffered by us, loss of key personnel, changes in ratings by financial analysts and credit rating agencies or litigation may cause large and sudden changes in the volume and price at which our Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

Further, we cannot assure you that our Controlling Shareholders will not dispose of, in part or in whole of, their Shares following the expiration of their respective lock-up periods after the **[REDACTED]**. We cannot predict the effect, if any, of any future sale of our Shares by any of our Controlling Shareholders on the market price of the Shares. Sale of our Shares by any of our Controlling Shareholders may materially and adversely affect the prevailing market price of our Shares.

The market price of our [REDACTED] when trading begins could be lower than the [REDACTED] as a result of, among other things, adverse market conditions or other adverse developments that could occur between the time of sale and the time [REDACTED] begins

The **[REDACTED]** will be determined on the **[REDACTED]**. However, the **[REDACTED]** will not commence trading on the Stock Exchange until they are delivered. As a result, investors may not be able to sell or otherwise deal in the **[REDACTED]** during that period. Accordingly, holders of the **[REDACTED]** are subject to the risk that the price of the **[REDACTED]** when **[REDACTED]** begins could be lower than the **[REDACTED]** as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time **[REDACTED]** begins.

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

The **[REDACTED]** of our **[REDACTED]** will be determined on the **[REDACTED]**, which is expected to be on or around **[REDACTED]**. However, the **[REDACTED]** will not commence trading on the Stock Exchange until the **[REDACTED]**, which is expected to be **[REDACTED]**. Accordingly, investors may not be able to sell or deal in the **[REDACTED]** during the period between the **[REDACTED]** and the **[REDACTED]**. Our Shareholders are subject to the risk that the price of the **[REDACTED]** could fall before trading begins, as a result of adverse market conditions or other adverse developments that could occur between the **[REDACTED]** and the **[REDACTED]**.

The [REDACTED] is entitled to terminate the [REDACTED]

Prospective investors should note that the **[REDACTED]** (on behalf of the **[REDACTED]**) are entitled to terminate its obligations under the **[REDACTED]** by giving notice in writing to us upon the occurrence of any of the events set out in the section headed "**[REDACTED]**" in this document at any time prior to 8:00 a.m. (Hong Kong time) on the **[REDACTED]**. Such event may include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, economic sanction, epidemic, fire, flood, explosions, acts of terrorism, earthquakes, strikes or lock-outs.

Investors may experience difficulties in enforcing their shareholders' rights as the laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles, the Cayman Companies Act and common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interests of minority shareholders may differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights or remedies available as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minorities is set out in the paragraph headed "Summary of Cayman Islands Company Law and Taxation — 5 Shareholders' Suits and 6 Protection of Minorities" in Appendix IV to this document.

RISKS RATING TO STATEMENTS IN THIS DOCUMENT

Certain facts, statistics and data contained in this document have not been independently verified and may not be reliable

Certain facts, statistics and data in this document are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted rendering such information false or misleading. Nevertheless, such information has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of their respective directors, affiliates or advisers and therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

We have not independently verified certain facts, forecasts and other statistics obtained from various government publications contained in this document

Certain facts, statistics, and data in this document are derived from official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. While our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the Controlling Shareholders, any of their or our Company's respective directors, officers or representatives, or any other person involved in the **[REDACTED]**. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics, and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice, and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire document and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports

There may be coverage in the media regarding the **[REDACTED]** and our operations. There had been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us and the **[REDACTED]**, which contained, among other matters, certain financial information, projections, valuations and other forward-looking information about us and **[REDACTED]**. We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media that is inconsistent or conflicts with the information contained in this document. Accordingly, prospective investors should read the entire document carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this document to make investment decisions about us.

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

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

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

We do not intend to update these forward-looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange.